

Serbs drop threat of Sarajevo exodus

By Harriet Martin and Bruce Clark

Bosnian Serbs stepped back at the last moment from their threat to stage a violent and spectacular mass exodus from Sarajevo which could have cast a shadow over President Bill Clinton's visit to the region today.

However, his visit to US troops, headquartered at the town of Tuzla, will still take place against the sombre background of allegations that up to 8,000 victims of Serb atrocities may be buried in a mine in north-western Bosnia.

The Pentagon said its own officials and the Central Intelligence Agency would follow up a report in the New York Times which quoted local people and western officials as saying the mine contained victims of "ethnic cleansing".

The UN war crimes tribunal also promised to investigate the claims in that newspaper and others that an open-pit iron mine may have been used since 1992 to hide the victims of several waves of atrocities.

The prospect of a mass Serb exodus from Sarajevo, with homes and property

set ablaze to stop them falling into Muslim hands, was averted after tense talks between local Serbs and western envoys, including the senior mediator Mr Carl Bildt and Mr Javier Solana, the Nato chief.

Mr Momcilo Krajcinovic, a Bosnian Serb leader, agreed to suspend plans for an exodus even though the western officials flatly rejected a postponement of the transfer of the suburbs to Bosnian government control.

Local observers said the existence of the mass grave near the town of Ljubija would almost certainly have

been known to the US government, and to the war crimes tribunal, well before this week's press reports.

However, their publication and the knowledge that far more evidence of Serb atrocities remains to be exposed, may well have concentrated the minds of Serb leaders as they negotiated over Sarajevo.

Mr Graham Blewitt, an official of the war crimes tribunal, agreed with the UN human rights centre in Geneva yesterday that both institutions would intensify their efforts to clear up war crimes in northwestern

Bosnia. However, the pace of investigations, and the choice of areas to be probed, may still prove controversial.

The UK contingent in Bosnia, which is responsible for the area where the mine is located, said British soldiers had made a preliminary, unsuccessful search for a mass grave, in response to the report. UK officials stressed, however, that such searches were not part of the contingent's responsibility and one said it would be inappropriate to divert Nato assets on a large scale in response to "rumours".

Prospect of Italian poll moves closer

By Andrew Hill in Milan

Italy's political leaders yesterday faced the choice between supporting a new reforming government or fighting early elections, in the aftermath of the administration's resignation.

Leaders of both the centre-left and the right suggested that a return to the polls seemed the most likely outcome of the crisis, opened on Thursday night by the resignation of Mr Lamberto Dini's technocratic government.

Mrs Susanna Agnelli, Italy's foreign minister, yesterday sought to reassure her counterparts in the European Union the political uncertainty would not disrupt Italy's six-month presidency of the EU.

"Our [EU] partners are not worried; they are waiting for us to resolve our problems, in the knowledge that Italy's European policy will not change," she said after meeting the prime ministers and foreign ministers of the Netherlands and Luxembourg as part of a European tour.

On Monday, Mr Oscar Luigi Scalfaro, Italy's president, will begin a series of talks with party leaders and institutional figures, including leaders of both houses of parliament, to explore a solution to the crisis.

The lira, and bond and equity markets were relatively calm yesterday, even though Mr Dini's departure ends a relatively stable period of government. Some analysts said yesterday they believed an election, although not the ideal solution for the markets, would at least provide some clarity after recent political manoeuvring.

Party leaders were already immersed in talks yesterday. Mr Massimo D'Alema, head of the former communist PDS, linchpin of the centre-left political grouping, said the parties should first decide whether there was support for reforms and then what sort of government should be formed to carry through such a programme. He said he favoured Mr Dini as head of a reforming government.

Mr D'Alema criticised the right for precipitating the crisis by submitting a resolution calling for Mr Dini's resignation. But he said he believed the country should vote by late spring if there was no cross-party agreement on reforms.

Some measure of consensus on the need for reform - which could include changes to the national voting system, and increased powers for the head of government - emerged during this week's two-day parliamentary debate on the future of the Dini government. But many politicians are doubtful whether this can be transformed into a long-lasting agreement. Mr Gianfranco Fini, head of the Christian National Alliance, said yesterday that he was "99 per cent certain" there would be elections.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Mittelweg 36, 10119 Berlin, Germany. Telephone +49 30 151 151. Fax +49 30 151 151. Telex 410193. Represented in Frankfurt by J. Walter Brandt, Wilhelmstr. 1, 60331 Frankfurt. In London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman, Shareholders of The Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany) Advertising Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

FRANCE
Publishing Director: P. Maravang, 42 Rue La Boétie, 75008 PARIS. Telephone (01) 576 8250. Fax (01) 576 8253. Printer: S.A. Nord Editeur, 1571 Rue de Caen, F-91000 Evry-Corbeil-Essonnes. Editor: Richard Lambert. ISSN 1148-7733. Commissionaires: Publishers No 87880.

SWEDEN
Responsible Publisher: Hög Censur 468 618 6082. Printer: AB Kallsteden. European. P.O. Box 6007, S-571 06, Kungälv.

© The Financial Times Limited 1996.

Editor: Richard Lambert.

© The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

Russian Communists: same but different

The west may worry about the resurgence of the Communists in Russia's parliamentary elections last month but, as the appointment of Mr Yevgeny Primakov as foreign minister emphasised this week, they never really seem to have gone away.

During his career, Mr Primakov has been an academic apologist for 1970s Soviet foreign policy, a candidate member of the Communist party politburo under President Mikhail Gorbachev and, for the past four years, head of foreign intelligence at the minimally restructured KGB.

Nor is he the only ex-Communist politician in the upper echelons of power. President Boris Yeltsin himself is the most notable example of a former party official who has remade himself.

A study by sociologist Ms Olga Krizhanovskaya, published in the *Izvestiya* newspaper this week highlights just how many former Communists have retained their grip on the levers of power. She argues that, following the collapse of



President Boris Yeltsin: former Communist

the Soviet Union, the Communist *nomenklatura* split in two: the party functionaries grabbed prime positions in the political arena, while the managerial elite, the so-called red directors, came to dominate the newly-created banks and privatised companies.

According to Ms Krizhanovskaya, 76 per cent of the members of the presidential apparatus are drawn from the ranks of the former *nomenklatura*.

Some 82 per cent of the current regional elite and 74 per cent of senior government personnel were also leading party members.

A new generation of young entrepreneurs has made more progress in gaining economic power, but ex-Communists still account for 61 per cent of the business elite.

"Who today is in power in Russia? It is all former Communists," Mr Anatoly Sobchak, the liberal mayor of St Petersburg (and former Communist), said in an interview last month. "Who is supporting the process of reform? It is all former Communists, Yeltsin, and Chernomyrdin and many others. To fear Communists does not make sense because we were all Communists. We had 20m members."

Even some of the country's most vehemently anti-Communist political leaders turn out to be former party members. Mr Yegor Gaidar, who as prime minister ushered in Russia's market reforms, was himself a one-time editor of *Kommunist*, the party's theoretical journal.

It is tempting to believe that little has changed in Russia and that the people who once ran the country are still in power. As US diplomat Mr Thomas Graham argued recently in the *Nezavisimaya Gazeta* newspaper, Russian politics do not resemble the battle of ideas so much as clan warfare. Rival groups, which have agglomerated financial and political power, create phantom political parties and clash with each other to divide the economic spoils.

On such reckonings, Mr Gennady Zyuganov's Communist party of Russia, which won 22 per cent of the votes in last month's parliamentary elections, is merely the political vehicle for the least dynamic members of the old *nomenklatura*, who were left behind in Russia's economic transition and now want their share of the pie.

But such analyses fail fully to explain why, if nothing has changed, so much is different about present-day Russia. Whatever the former convictions and remaining instincts

of Mr Yeltsin's administration, it has - in practice - charted a radically new political and economic course. Mr Yeltsin has peacefully dismantled the Soviet Union, creating 15 sovereign nations, and reintegrated Russia into the world community. He has pursued economic reforms which have led to the creation of a functioning, albeit far from perfect, market economy. And he has encouraged the development of a multi-party democracy where freedom of conscience and expression are growing stronger.

The former Communist members of Mr Yeltsin's administration, including Mr Primakov, publicly support these changes. But it is not clear the rank-and-file of Russia's present-day Communist party does. "There remains a big distinction in Russian politics between former Communists and Communists," says one commentator. "Ideology still counts."

John Thornhill

France Télécom to join the Internet

By David Buchanan in Paris

France Télécom yesterday announced a series of moves to launch itself fully on the Internet and to revitalise its Minitel telephone-based information service that dates from the early 1980s.

The state-owned operator said that from March 15 it would provide access to the Internet from anywhere in France for the cost of a local telephone call. It would also provide, through a new subsid-

iary, its own services on the Internet.

Hoping to give its Minitel service a boost, France Télécom will cut the cost of using it by nearly 50 per cent to 45 centimes (5.35p) a minute, and promote a new model, Magis, with a transmission speed eight times faster.

Despite recent falling off in the growth of Minitel services, some 14.5m people in France use 6.5m machines at present, and France Télécom believes they will remain the most pop-

ular service. Minitel and the Internet will be mutually accessible. Users of Minitel, which already has an electronic message service, will be able to use Internet e-mail.

France Télécom rebutted any idea that its Minitel service had been overtaken by the Internet. "It is not a question of Minitel versus Internet," it said yesterday. "Like a car-maker with different models, we will be able to offer Minitel or Internet for different types of users." While the dominant

Internet language is English, France Télécom's services will be in French.

Mr Jean-Jacques Damman, development director at France Télécom, said a new subsidiary would soon be set up to compete with other Internet access providers in furnishing online Internet services, with the aim of winning some 25-30 per cent of this market in France.

France Télécom's "teleatic" offensive is in part defensive, given the imminent liberalisation of the French markets

and arrival of what Mr Damman called "the big fish" such as AT&T and MCI of the US or Cable and Wireless of the UK.

Heavy users of the Internet via France Télécom will be able to pay a flat rate monthly subscription, while occasional users will be able to pay by the minute, as with Minitel. France Télécom's commitment to link the entire country to the Internet at local phone rates will especially benefit users outside Paris.

González faces new 'dirty war' dilemma

By David White in Madrid

Mr Felipe González, the Spanish prime minister, faced renewed controversy on two fronts yesterday as a "dirty war" inquiry closed in on a former cabinet colleague and a newspaper published potentially damaging allegations about a Colombian business deal. With elections in March, the controversy has come at a difficult time for him.

The supreme court judge investigating alleged official involvement in a kidnap and murder campaign by the so-called anti-terrorist liberation groups, or Gal, against the far-right yesterday set bail of Ptas100,000 for Mr José Barriónuevo, a Socialist MP and ex-interior minister.

The measure, a prelude to possible charges, was in response to a request from the state prosecutor following accusations against Mr Barriónuevo involving illegal detention, misuse of public funds and association with "an armed band".

The case poses a dilemma for Mr González, who has consistently supported his former minister and voiced confidence about his innocence. The governing Socialist party is expected to stand by plans to include Mr Barriónuevo in its list for re-election to a parliamentary seat for the Madrid region in the March 3 ballot. The party



Spain's former interior minister José Barriónuevo who has been placed on Pta 15m bail

yesterday provided a bank guarantee to cover his bail. Mr Barriónuevo remains at liberty but has had his passport confiscated. Two former security chiefs who served under him, Mr Rafael Vera and Mr Julián Sancristóbal are free on bail of Ptas200m and Ptas125m respectively, after being remanded in jail on the order of a national court judge.

The supreme court investigation of the ex-minister has focused so far on accusations by former government and party officials, including Mr Sancristóbal. These link him with a kidnapping in southern France in 1983 in which the wrong man was seized.

The Gal are also blamed for some 26 killings between 1983 and 1987, when Mr Barriónuevo was minister. The government has repeatedly denied organising or authorising the campaign.

The newspaper *El Mundo*, which has taken the lead in stirring up government scandals, returned to harry Mr González yesterday, claiming to have details of commission payments to a business friend in a \$65m deal for a metro contract in the Colombian city of Medellín.

The government said the allegations were old and "absolutely and scandalously false".

Conservatives in Portugal close gap on Socialists

By Peter Wise in Lisbon

Portugal's presidential race is expected to result in a close finish tomorrow after an increasingly belligerent campaign in which Mr Aníbal Cavaco Silva, the conservative candidate, succeeded in narrowing the early lead held by Mr Jorge Sampaio, his Socialist adversary.

The opponents, who closed their campaigns less than 100m apart last night in contending Lisbon rallies, both claim that election of their rival would destabilise the country as the minority Socialist government endeavours to meet the European Union's convergence criteria for economic and monetary union.

Mr Sampaio, a former Socialist party leader, said Mr Cavaco Silva aimed to set himself up as an "alternative prime minister" who would undermine the government in retribution for the general election defeat of the centre-right Social Democrats by the Socialists last October. That defeat ended Mr Cavaco Silva's 10 years as prime minister.

Mr Cavaco Silva warned that the election of Mr Sampaio would give too much power to the Socialists, resulting in a "dictatorship of the majority" that would stifle opposition parties, encourage political patronage and advance the hard-line Communist party.

A victory for Mr Sampaio,

who quit as Lisbon mayor to run, would be the first time since the return of democracy in 1974 that voters have not chosen a president from the party opposed to government.

As prime minister, Mr Cavaco Silva accused Mr Mário Soares, the outgoing Socialist president, of obstructing his government and argued in favour of choosing a government and president with similar political programmes.

Because the Socialists are four seats short of an overall majority, the president's power to dissolve parliament and call a general election could be crucial to the government's survival if it were defeated on an important parliamentary vote.

Mr António Guterres, the prime minister, appeared alongside Mr Sampaio at rallies in Lisbon and Oporto yesterday, backing him as a candidate who would provide support for a government that has set itself the challenge of increasing social spending and reducing the budget deficit without raising taxes.

Mr Francisco Murtelha Nabo resigned as Portugal's public works minister yesterday, hours after a newspaper alleged he had evaded tax on a property purchase. He said there was truth in the report that he had declared the value of a Lisbon flat he bought for \$242m (€180,000) as only €533m in order to pay less property transfer tax.

INTERNATIONAL NEWS DIGEST

Gaidar offers to be hostage

Russia's leading liberal politicians offered to intercede yesterday in the hostage crisis in the North Caucasus that has deeply embarrassed the Kremlin and, according to Russian officials, left at least 20 people dead.

Mr Yegor Gaidar, a former prime minister and one of the country's leading liberals, offered himself as a hostage, to replace the 200 captives being held by Chechen rebels in the Russian village of Pervomayskaya.

"If there is a chance of releasing the women and children, it would be a sin not to seize upon it," Mr Gaidar told Interfax, the Russian news agency.

The offer followed reports that Mr Salman Raduyev, the leader of the Chechen fighters who seized the hostages in a raid earlier this week, had said he would release them if they were replaced by leading Russian politicians. In addition to Mr Gaidar, the gunman also named Mr Grigory Yavlinsky, whose reformist party came fourth in the December parliamentary ballot, and Mr Alexander Lebed, a former general turned nationalist politician.

Mr Yavlinsky also offered to negotiate with the rebels, but Mr Lebed's response was less conciliatory. "My reaction is unprintable," Mr Lebed said on Russian TV. "Who does that cockerel think he is, giving me orders?" Later yesterday, Chechen fighters released eight hostages, according to General Alexander Mikhailov, a spokesman for Russian troops encircling the village.

Christina Freeland, Moscow

German tax revenue falls

Germany's worsening economic situation led to a steep shortfall in tax revenues last year, but reduced spending meant the government only had to borrow slightly more than planned to cover the federal budget deficit.

The news came in the same week that Mr Theo Waigel, finance minister, said Germany had breached the public sector deficit criteria in 1995 for entry into European monetary union.

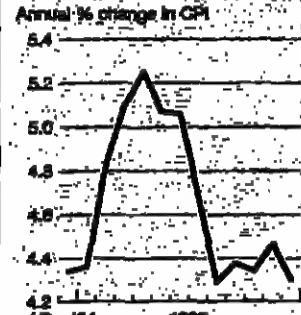
Yesterday, the finance ministry said federal tax revenues were DM16.5bn (€7.3bn) lower at DM366bn than the figure set in the 1995 budget. However, this was partly offset by a fall in spending in the previous year and increased revenues from coin minting and other sources. Federal spending totalled DM465bn, down DM13bn on the planned level of DM478bn and also lower than 1994 spending of DM471bn. This left a deficit of DM50.2bn to be met through new borrowings compared with the budget plan of DM49bn.

Andrea Fisher, Frankfurt

Spain cuts rates again

Spanish Inflation

Annual % change in CPI



Source: Databank

The Bank of Spain yesterday unexpectedly cut its benchmark interest rate from 9 per cent to 8.75 per cent, the second reduction in three weeks. The move coincided with December inflation figures showing a 12-month consumer price rise of 4.3 per cent, the same as 1994. While analysts had expected the central bank to wait until after the March 3 general election before making a further cut, the CEOE employers' organisation had pressed for one to restrain the recent strength of the peseta. With December inflation of 0.3 per cent, the 12-month rate was down from 4.4 per cent in November. Underlying inflation, excluding energy and food prices, was 4.6 per cent, compared with 4.5 per cent the previous year.

David White, Madrid

South Africa strike cancelled

South African trade unions yesterday cancelled a one-day national strike on Tuesday, called in protest at the government's plans for restructuring the state sector. The decision, taken by the executive committee of the Congress of South African Trade Unions (Cosatu), followed talks on Thursday with government ministers.

Government officials insisted yesterday that the restructuring plans were still on course, but Cosatu's decision to call off next week's strike suggests that it may have won important concessions and achieved a bigger role in deciding the future of state industries.

The government has already promised not to take any action on restructuring until it has completed talks with the unions, and has postponed the appointment of outside advisers.

Roger Matthews, Johannesburg

Colombia drug chief escapes

Jose Santacruz Londono, one of the world's most important drug traffickers, escaped through a one-way mirror from a maximum security prison in Bogotá, only six months after his capture was hailed as a big victory in the Colombian government's war on drugs.

Santacruz was apparently driven out through the side gate reserved for visiting legal officials on Thursday afternoon. During the morning he had been interviewed by a public prosecutor through the one-way mirror. After the prosecutor had left in his car an identical vehicle returned to the prison to pick up Santacruz, who seems to have removed the mirror and stepped through the frame to freedom.

The escape is deeply embarrassing for the government, which is lobbying for recognition of its anti-drug efforts by the US congress. Santacruz, a founder of the Cali cartel, is believed to be responsible for smuggling thousands of tons of cocaine and heroin to the US and Europe, and has been linked to several murders.

Sarina Kendall, Bogotá

Taiwan gains tax dropped

Taiwan's parliament yesterday overturned controversial capital gains tax legislation in a move to calm jittery stock market investors. The body also voted to keep the share transaction tax at its existing level of 0.3 per cent.

Share prices plunged 6.7 per cent in the following trading session after opposition legislators on January 4 passed legislation reinstating a capital gains tax which had been abolished in 1990. The tax rate was set at 14 per cent but if the shares were held for more than one year the rate fell to 7 per cent.

Laura Tyson, Taipei

CDU, SPD in Berlin coalition

Berlin's conservative Christian Democrats (CDU) and the Social Democrats (SPD) ended three months of negotiations yesterday by agreeing to form a coalition government wedded to making savings of DM22.1bn (€10.35bn) spread over its four-year term.

The coalition, to take office later this month, will have a full agenda, not least overseeing the completion of building projects worth DM28bn and cutting unemployment, which is running at more than 13.4 per cent in the west and 12.3 per cent in the eastern part of the city. Its agenda will include preparing for the federal government's move from Bonn to the German capital by the end of the century and cutting the city's DM5bn budget deficit.

Judy Dempsey, Berlin

Indonesia police probe bank

Indonesian police investigators have been called into the Jakarta branch of the Hongkong and Shanghai Banking Corporation to investigate an allegation of fraud. Indonesian newspapers, quoting unnamed sources, said the fraud involved "billions of rupiah". Mr Philip Holberton, chief executive officer of the bank's Indonesian operations, said the fraud had been reported by the branch's internal financial controller.

Martina Saragosa, Jakarta

Syria shows stronger commitment to peace talks

By Julian Ozzanne

Syria yesterday agreed to include military experts in its negotiating team and to hold a new round of peace talks with Israel in the US on January 24. The stepped-up commitment to reaching peace was announced by Mr Joubieh Kourieh, spokesman for Syrian President Hafez al-Assad after Mr Assad held four and half hours of talks with Mr Warren Christopher, US secretary of state, in Damascus.

Mr Christopher said his talks with Mr Assad had been important and productive. "I think that we have crossed an important threshold in the negotiations," he said. "I believe that both President Assad and (Israeli) Prime Minister (Shimon) Peres are determined to see that the work is completed."

Israeli officials said before the Damascus announcement that if Syria agreed to include a senior military officer and water and economic experts in its negotiating team, it would signal an important political decision by Mr Assad to speed up the pace of the peace negotiations.

US officials, however, said Syria had not agreed at this stage to the inclusion of water and economic experts, although Mr Assad had agreed that the next round of talks would last for three days, adjourn for two days and resume on January 29.

The inclusion of military officers, who Mr Christopher said would probably be the countries' chiefs of staff, is, however, significant. It will allow

the talks to move on from discussing procedural matters to working out details of substantive over the type of security arrangements to be put in place to guarantee mutual security in the event of Israeli withdrawal from the occupied Golan Heights in return for peace.

Army chiefs from Israel and Syria met once last year to discuss security arrangements but failed to find common ground. Peace talks broke off for six months and Syria refused to send military experts to subsequent negotiations.

Israel and the US this week called for an intensification of the negotiations and said only a faster pace of talks and progress towards discussing matters of substance would allow a peace agreement to be forged before Israeli elections due by October 29.

Israel believes that the two sides have made solid procedural progress in two rounds of talks held in the US since late December but wants the talks to split up into working groups on water, security, economics and regional co-operation in the belief that progress on one track will allow concessions and trade-offs to be made on other tracks.

Israel has already compiled a comprehensive working paper on security arrangements to be discussed by both sides. The paper proposes a thinning out of Syrian troops massed on the Syrian side of the border as a quid pro quo for Israeli military withdrawal from the Golan.

EU defends ban on beef treated with hormones

By Guy de Jonckheere

The European Commission yesterday defended the EU's ban on hormone-treated beef against a legal challenge by the US, saying removal of the curb would alarm consumers and risk destabilising the market.

Mr Daniel Glickman, the US agriculture secretary, said on Thursday he planned to lodge a complaint to the World Trade Organisation against the ban, which has provoked bitter transatlantic trade rows since it was introduced seven years ago.

The Commission would not say yesterday exactly how it planned to respond to the US move. That decision is likely to wait discussions between Mr Franz Fischler, Europe's agriculture commissioner, with his commission colleagues next week and with EU farm ministers later in the month.

The complaint, backed by Mr Mickey Kantor, US Trade Representative, will pose an important test of new world trade rules and threatens, if successful, to plunge the EU into deep political controversy.

The US is expected to argue that the ban violates an agreement in the Uruguay Round world trade deal, which requires that trade restrictions imposed on health and safety grounds be justified scientifically if they do not meet international standards.

The EU has offered no scientific justification for the ban, which has failed to win backing from scientists asked by the EU to investigate the effects of using growth-promoting hormones.

A conference of international scientists convened by the European Commission last month endorsed a 10-year-old study, funded by the Commission, which found no evidence that hormones in beef damaged health, provided they were properly administered.

The use of hormones was also approved last year by the United Nations Food and Agriculture Organisation, after a meeting of Codex Alimentarius, the body which sets international food standards.

The Commission recently proposed tightening the hormone ban, which many smaller European farmers see as a protection against cheap imports. Its proposal is supported most EU governments, the European Parliament and consumer organisations.

If the WTO ruled against the ban, the EU could face an unenviable choice between repealing it, against strong political opposition, or flouting its international commitments and undermining the WTO by ignoring the decision.

The US, which says the ban costs it about \$100m a year in lost trade, has already imposed trade sanctions of equivalent value on EU exports. The US says it wants to discourage other countries from restricting trade on dubious health and safety grounds.

The WTO allows 90 days for consultation after a complaint is lodged. If no settlement is reached, a dispute panel is set up and must report in six months. An appeal can be made against its decision to an independent WTO tribunal, which must rule within 90 days.

Sun goes down on imitation Tequila

By Leslie Crawford in Mexico City

Tequila, the potent cactus-based spirit which Mexicans drink neat and often, and which foreigners mix in Margaritas and other cocktails, is about to be protected by strict rules of origin under an agreement Mexico and the European Union will sign this month.

The "appellation controls" for Tequila, which is distilled from the sugar of the blue agave cactus, will allow Mexican producers to combat the cheap imitations, produced in the Philippines, Spain and Japan, that have proliferated with the drink's increasing popularity abroad.

Under the agreement, only the liquor that is produced from blue agave plantations in the valley of Tequila, in the western state of Jalisco, and neighbouring municipalities, will have the right to bear its name.

"This is the first important step to protect our national drink from the damage inflicted by false Tequilas in Europe," says Mr Ramón González Figueroa, president of the Tequila Regulatory Council in Guadalajara.

"We want to stamp out competition of sugar beet and rice spirits which are marketed as Tequila in Europe, which is our second most important export market after the US."

The US, he said, already recognises rules of origin for Mexican Tequila. The negotiations between Mexico and the EU have dragged on for almost 10 years, in part because Mexico has had problems in controlling its own bootleggers.

The blue agave is an expensive raw material. It takes about 10 years to ripen and must be picked by hand, and, faced with growing demand, some bulk producers have been tempted to mix increasing amounts of sugar cane spirit with agave.

Producers of well-known brands have fought an uphill battle to impose quality controls on the industry, and after many years, the regulatory council recently succeeded in imposing two standards for Tequila: one which is produced with 100 per cent blue agave, which can retail for more than \$200 a bottle, and lower cost brands which must nevertheless contain at least 51 per cent blue agave to call themselves Tequila.

The export market, worth almost \$200m a year, has grown rapidly. Almost two-thirds of Mexico's 75m-litre production in 1995 went abroad.

Demand surge sends up oil price

By Robert Corzine

A sharp rise in oil demand at the end of last year, together with lower than expected increases in supply, are responsible for pushing up prices, according to the International Energy Agency.

The IEA, which monitors oil industry trends on behalf of the main industrialised countries, said demand was particularly buoyant among members of the Organisation for Economic Co-operation and Development. In the final quarter of the year it reached 41.7m barrels a day, 2.5 per cent up on a year earlier.

The agency's monthly oil market report published yesterday attributes much of the rise to the very cold weather, while pointing out that stocks of crude oil in the US were comparatively low. North American stocks at the end of November were 68m barrels lower than a year earlier, as oil

Samaritan vote will be good for Arafat

Julian Ozzanne reports from Nablus on why a tiny community matters to the PLO leader

Mr Shalom Cohen, a 75-year-old Samaritan priest, has lived long enough to see almost every momentous event in his home town of Nablus. A violent earthquake in 1927, several wars, and the occupation of his town and his tiny "nation", one of the smallest in the world, by British, Iraqi, Jordanian, Israeli and Palestinian troops. But he has never seen one of his people go to parliament. That is about to change and Mr Cohen is one of three Samaritans who believes he ought to be the one.

The effort by Mr Yasser Arafat, leader of the Palestine Liberation Organisation, to prove he is the biggest liberal democrat in the Middle East, has prompted an unlikely election among the Samaritans, one of the tiniest and most archaic peoples in the world.

The Samaritans, a long forgotten and ancient people left over from the 2,500-year-old schism within the tribes of Israel, have been given the right to send one representative to the 88-member Palestinian legislative council to be elected next weekend.

The member will represent a minority community of no more than 284 people. A further 287 live in Holon in Israel bringing the global Samaritan population to 581.

Although it may seem a quirk in the broad picture of Palestinian politics, the Samaritan election is strangely important to Mr Arafat. The veteran Palestinian leader has long insisted that he wants to run a secular multi-ethnic state where the rights of all minority groups, including possibly Jews, are respected.

The Samaritans are, in a way, an ideal group for Mr Arafat's democratic pretensions. They are neither Christian, Jewish nor Moslem but rather straddle the faiths. Anthropologists say they are a Jewish sect that separated from the Jews although they



A Palestinian bows in prayer outside his poster-festooned shop in Bethlehem yesterday. The election is to be held on January 20

are immersed in Arabic culture and many of their names are a mixture of Arabic and Hebrew, like Abdullah Cohen. They claim to belong to the tribes of Levi, who emanated from Jacob and they believe that the windswept Mount Gerizim (Mount of the Blessed) above Nablus and not Jerusalem was the first site of the Jewish Temple in the times of King David around 1000BC. They describe themselves as "Samaritan Israelites", as descendants of the Kingdom of Israel distinguishing themselves from the Jews who are descendants of the Kingdom of Judah. They say they have lived continuously in Nablus since the time the land of Israel was conquered by Joshua.

In some ways they claim to be more Jewish than the Jews: they closely follow the five books of Moses (The Pentateuch) and not the Talmud, their kosher laws are stricter and on Passover they sacrifice lambs on Mount Gerizim. Although they speak Arabic at home, they use ancient Hebrew as their language of prayer.

As a small nation they have learned the art of survival by siding with the stronger power - whoever will guarantee their safety and their right to stay near Mount Gerizim.

"I am a Samaritan first and foremost and then a Palestinian," says Mr Altif. "But we are a small nation and we have to safeguard our religion and our customs by being friends with everybody because we don't have manpower."

But throwing in their lot with Mr Arafat is not merely a pragmatic choice. Many in the community remember Mr Arafat's kindness during the *intifada*, or Palestinian uprising. A number of Samaritans in Nablus were stoned by Palestinians who accused them of being collaborators with the Israeli occupation. A few Samaritan houses were burned. Mr Arafat broadcast a radio address telling Palestinians that whoever sided with the Samaritans were personally hurting him and he sent thousands of dollars of compensation to those whose homes had been destroyed.

"There is the parable in the New Testament about the good Samaritan," said Mr Altif. "Mr Arafat is our good Samaritan."

Mr Cohen also seems vague about his political goals. Dressed in a red turban and olive green three-piece suit he says the main reason he is standing is because the High Priest was supposed to consult everybody about a single candidate but that he failed to do so and just announced Mr Altif as the chosen candidate. But he adds: "I am much more well known around Nablus and in the villages."

One point is important, he says: "We are asking Arafat that there should be no split between us and the Holon Samaritans and they should have free passage. We don't want what happened during the Jordanian period when Samaritans from Holon could not come to Mount Gerizim anytime, especially to celebrate Passover with us."

That may not seem like a major political programme but for a small nation struggling to survive and grow it is vital. "I remember that in 1927 we were only 184 Samaritans and today we are 580. God willing one day we will reach one million and we will be a real nation," said Mr Cohen.

Washington's new trade policy voice

By Nancy Durnine in Washington

Mr Stuart Eizenstat, recently US trade ambassador to the European Union, has returned to Washington with one lingering regret: his failure to convince the Community to work in an activist alliance with the US to open markets in Japan, China and emerging economies.

Awaiting congressional confirmation hearings for his new post as Commerce Department undersecretary for international trade, Mr Eizenstat recalled in an interview that the US administration had envisaged a "pro-active" alliance with the EU, regarding it "not just as a trade entity but as a viable political partner".

The combined weight of two trade superpowers was seen as capable of opening markets in Japan, China and other emerging markets, he said.

This vision was rejected by Brussels, which favours multilateral approaches towards trade barriers. However, the US pushed alone and succeeded in opening markets, particularly in Japan.

Washington was harshly criticised although the successful market-opening agreements were negotiated on a Most Favoured Nation basis, allowing US trading partners to take equal advantage of the deals.

Back in Washington, Mr Eizenstat is concerned about the surge of protectionist and isolationist sentiment in the US at both ends of the political

spectrum. It was stronger now than at any time since the second world war, he said.

These forces were fed, he said, by the failure of past leaders to counter the belief that foreigners were responsible for the flattening of US wages.

To counter protectionism, the administration of President Bill Clinton had to demonstrate that trade was "a job creator, not a job destroyer". Not an ideological figure, Mr Eizenstat is expected to win confirmation for his new post easily. Formerly domestic policy adviser to President Jimmy Carter, he is an old hand at stroking congressional egos; he is promising that if confirmed, he will frequently consult.

Mr Eizenstat's move to the Commerce Department is not expected to produce substantive changes in the near future. The administration has decided, in any case, to keep a low profile on trade during this election year and to talk tough on enforcement of trade pacts.

Mr Eizenstat's goals vary little from those of his predecessor, Mr Jeffrey Garten. Stylistically there will be change. Mr Garten, an assiduous conceptualiser of grand trade promotion plans, grew frustrated when he had to spend his time defending the Commerce Department from Republican efforts to abolish it.

Mr Eizenstat said he would strengthen the advocacy centre, set up by Mr Garten, to monitor international contracts, and he wanted more closely to align trade with the

administration's foreign policy goals, promoting the private sectors in Bosnia, the Middle East and central Europe.

The long-time bipartisan centre coalition for liberalised trade in Congress would hold, he said, but "it would be naive to think it is not at risk". Continued moves towards free trade depended not only on the US but "on other countries doing their part".

He is enthusiastic about "positive trends" in Europe. He played a key role in a US-EU "action plan" to harmonise and liberalise trade and supports creation of a transatlantic market place free of trade barriers.

"Europe is infinitely much more open than 10 years ago," he says.

Floods threaten Jakarta's big expansion plan

By Manuela Saragosa in Jakarta

Severe flooding in the Indonesian capital Jakarta, which has killed at least 10 people and washed away tens of thousands of homes, has cast doubt over Jakarta's multi-billion dollar harbour development, which would involve thousands of hectares of land reclamation.

Environmentalists and academics blame the recent floods on the city's rapid and reckless urban expansion which has damaged water catchment areas in and around the sprawling capital.

The floods are the worst Jakarta has seen in 20 years and may well serve as a warning of the social unrest a natural disaster can bring. Earlier this week, displaced river

bank residents in the worst-hit areas of east Jakarta demonstrated against the government which has appeared to be slow in providing relief.

"We have received virtually nothing from the government except official inspection," one demonstrator said. A military official retorted that the floods should not be exploited for political ends.

Large tracts of land in the Jakarta area, which is home to about 10m people, have been covered in concrete and trees have been cut down to make way for golf courses. That has damaged the land's ability to absorb water from the 13 rivers which flow into the capital's harbour, critics say.

The concern is that a 25,000 hectare land reclamation project to develop the Jakarta bay into a second city

centre, complete with office towers, shopping malls and luxury villas, will further disrupt river flows and threaten to sink large parts of the capital.

Development of the project has already started. Last year, Indonesia's parliament passed a bill giving a private company approval to extend the northern coastline by 2,700 hectares, a move which was criticised by a former deputy governor of Jakarta as short-sighted.

Assurances were given that the bill contained detailed provisions to ensure the reclamation would not result in flooding. But environmentalists note that similar assurances in the past have come to nothing.

Floods have always been a regular occurrence in Jakarta but environ-

mentalists say the problem has worsened in recent years. "It only takes one day of heavy rains, and then we have floods," said an official at the pressure group Walhi, the Indonesian Forum for Environment.

Environmentalists face a tough campaign in thwarting the reclamation project, planned for completion in 2000, despite the fresh ammunition of the recent floods.

They face some powerful proponents of the project. It is widely believed that President Suharto's youngest daughter is involved, together with one of Indonesia's largest property and urban developers, Ciputra Development.

The reclamation project will involve moving large amounts of soil to the area, likely to obstruct the mouth of

the rivers which are already heavily polluted with debris and industrial and household waste. Coral reef-fringed islands to the north of Jakarta are also under threat; smaller reclamation projects which have already taken place involved the relocation of a whole island's soil to Jakarta.

While residents and environmentalists blame the government for the flooding, some government officials are blaming residents, saying rubbish thrown into the rivers has clogged sluice gates.

What is needed is the enforcement of laws on building, improved environmental codes, waste management controls and the rehabilitation of Jakarta's rivers. But that is a hefty request in a country where law enforcement is at best arbitrary.

With HSBC TESSA Plus the only way is up.



HSBC TESSA Plus is a new kind of TESSA that has all the tax-free benefits of an ordinary TESSA, plus much more:

- Interest is guaranteed to be at least 5% p.a.
- After 5 years investors receive a bonus linked to stockmarket performance up to a maximum 30%.
- Invest between £3,000 and £9,000 as a new account or by transferring any existing TESSA at maturity.

Don't settle for less. Ask your financial adviser for details or simply:

FREEPHONE 0800 289 505

HSBC Asset Management
Member HSBC Group

HSBC Investment Funds Administration Ltd is the promoter of HSBC TESSA Plus and the deposit taker is HSBC Investment Bank Ltd. HSBC Asset Management is the global investment advisory and fund management business of the HSBC Group, one of the world's largest banking and financial services organizations.

NEWS: UK

Stock Exchange Consultation paper on trading reflects continuing erosion of privileges of marketmaking

Options for order-driven system published

By John Gapper, Banking Editor

The London Stock Exchange must reform the way in which shares are traded or face being undermined by rival exchanges in London and outside Britain, a leading member of the exchange's executive said yesterday.

Mr Giles Vardey, director of markets development, spoke at the exchange's annual conference in a document on proposals to reform the marketmaking system used to trade the shares of large UK companies in the London market. He said it was

"very unlikely indeed" that the 350 members of the exchange would not implement an order-matching system for the trading of larger company shares. This could either replace, or work alongside, marketmaking.

Under order-matching, brokers post orders to buy and sell shares on a trading screen. The orders are automatically executed by a computer. With marketmaking, big investment banks undertake to make continuous offers to buy and sell shares.

Mr Vardey said the privileges of marketmaking were slowly being eroded, and a growing number of

trades were now carried by other methods. "These proposals reflect what is occurring," he said.

The document was published a week after the dismissal of Mr Michael Lawrence, the exchange's former chief executive. The document is not thought to have been altered from the drafts prepared by Mr Lawrence following a November board meeting.

The consultation document lists three options for the introduction of order-matching. It argues that the profits from basic marketmaking have now become inadequate.

The first option is that all UK stocks could be traded by an order-driven system, although large investment banks may still commit capital to trading large blocks of shares on behalf of investors willing to pay for the service.

The second is that there could be order-driven trading for some stock and marketmaking for others. The third option is that there could be a combined quote and order-driven system, a possibility known as the "hybrid" approach. Marketmakers oppose a hybrid, arguing it would not provide high enough returns. Mr Lawrence's apparent support for a hybrid was one reason for discontent about him among the largest of the exchange's members.

However, marketmakers are increasingly willing to accept an order-driven system for all UK stocks provided that they obtain enough safeguards to ensure that block trading, known as "upstairs" trading in the US, would be profitable.

Mr Vardey believed a reformed trading system could be implemented in August, but marketmakers have argued that it will take a year to prepare fully for the change.

Thatcher's crown prince flounders

There has been a scarcely challenged assumption on the Eurosceptic right almost from the moment of sterling's election from the European exchange rate mechanism in September 1992. Only a general election lay between the true heirs to Lady Thatcher and the leadership of the Conservative party. Mr Michael Portillo, pace his bolder rival for the succession Mr John Redwood, was the crown prince.

Suddenly, nothing seems quite so certain. The arithmetic suggests that any of the most likely election outcomes would deliver a notional majority to rightwing Tory MPs. Many of those who call themselves traditional One Nation Conservatives are relinquishing safe seats to spend more time with businesses and families. By and large, their places will be taken by Lady Thatcher's children. And it is the parliamentary party which chooses the leader.

But a majority is nothing without a convincing candidate. Which takes us to Michael Denis Portillo, secretary of state for the Treasury, Eurosceptic and self-appointed keeper of the Thatcherite torch. A lot is riding on Mr Portillo. But he has had a rotten start to the year. It follows a pretty dismal 1995.

No one should doubt Mr Portillo's intellect. He is one of the sharpest minds in the cabinet. Civil servants are amazed at the contrast between his cheap rants against all things European from Tory party platforms and his careful engage-

ment when he actually meets his counterparts from mainland Europe.

Yet the past two weeks have exposed once again an insecurity behind the quick brain; a flaw in the confident prospectus for free-market patriotism. Mr Portillo, it is being said even by some admirers, too often lets vanity get in the way of mature judgment. He is 42 and too often sounds his age.

When Ms Emma Nicholson quit the Conservative party for the Liberal Democrats, Mr Portillo gave his reaction in a BBC radio interview. "Good riddance" was the gist. If Ms Nicholson shared the Liberal Democrat ambition of a United States of Europe, there was no room for her in the Conservative party. It sounded churlish, calculated to annoy the pro-Europeans in his party.

As it was, Mr Portillo attracted a stream of abuse from those who shared many of Ms Nicholson's anxieties but had decided to stay in the Tory party. His discomfiture was then deepened by a silly story that he had decided to sell off some of the Admiralty's finest buildings in London. It was untrue, but that became clear only after a retired admiral had hit the front pages with his description of the defence secretary as "a little creep". The lesson from the episode was that Mr Portillo has serious enemies.

Michael Portillo still has lessons to learn, says Philip Stephens

He responded by telling the nation that he was the victim of a whispering campaign, a plot by leftwing colleagues to discredit him. You should never whinge at this level in politics. The defence secretary, frankly, sounded rather pathetic.

Most at Westminster trace Mr Portillo's troubles back to last summer's contest for the Tory leadership.

When the opportunity was offered in June, he dithered. Worse than that, he first pledged his loyalty to the prime minister and then behaved as if he expected Mr Major to fall. He was appalled when Mr Redwood, hitherto a relatively marginal rival, gave the prime minister a run for his money.

Even at the Tory party conference in October, Mr Portillo used his speech to fire a volley of tasteless lies at Britain's European partners and appropriated to his cause the motto of the army's elite SAS unit, Who Dares Wins.

The conference liked it. And the speech served its purpose of re-stating his claim to leadership of the right. But most of the rest of the cabinet were appalled, as was the army.

Mr Portillo had crossed the line between respectable patriotism and tawdry xenophobia. It was not long before other ministers were heard remarking, albeit with a large dose of

humbug, that the defence secretary's Spanish antecedents had left him ignorant of the value of English understatement. Oddly, Mr Major still feels obliged to offer public support to Mr Portillo, a colleague he dismisses privately as an unbalanced xenophobe.

There are signs, though, that Mr Portillo has made a bigger strategic error. In his anxiety to establish himself as the unchallenged candidate of the right, he has ignored the need to accommodate the rest of his party. Even Lady Thatcher compromised to secure the leadership. Mr Portillo has hitherto done nothing to win a hearing, let alone friends, in the centre or on the left.

He is too passionate, too uncompromising, in his beliefs, particularly about Europe. He sees Britain's entry into the then European Community in 1973 as an historic mistake. He would not withdraw now, but he is convinced the political tide is running irreversibly in the direction of progressive disengagement.

If Mr Portillo is to lead the Conservatives, he must persuade his uncommitted critics that he would not split the party and thereby keep it out of office for a generation. Mr Portillo is a special politician, but he has much to learn. He should start by understanding that the single most important quality demanded by the Tory party of its leader is the capacity to win power. It is time he made friends with his enemies. If he does not, he will never be prime minister.



Michael Portillo: an ardent Eurosceptic thought by some admirers to let vanity get in the way of good judgment too often

UK NEWS DIGEST

Dublin firm on all-party talks for N Ireland

Irish opposition to unionist proposals for elections to a new Northern Ireland assembly hardened yesterday with both Mr John Bruton, the Irish prime minister, and the main opposition leader Mr Bertie Ahern, indicating that the idea could not be an alternative to progress towards all-party talks.

Mr Bruton was speaking after meeting the former US senator Mr George Mitchell, chairman of the three-man panel set up by the London and Dublin governments to find a way around the impasse over the IRA's refusal to start "decommissioning" its weapons ahead of all-party talks. The governments will hold their first trilateral meeting with Sinn Féin on Wednesday in Belfast, ahead of the expected publication of the Mitchell conclusions on "decommissioning".

However with reports that the British government is preparing a number of working papers on the subject, Irish government officials are concerned that the elected assembly proposal should not develop as an alternative to the format for all-party talks. Mr Bruton, who hitherto has said all ideas can be on the agenda, insisted yesterday that the assembly proposal was not part of the remit of the panel.

John Murray Brown, Dublin

UN criticises refugee plans

The British government's plan to restrict the rights of asylum seekers who arrive in the UK breaks international conventions on the treatment of refugees and should be scrapped, according to the United Nations.

The UN High Commissioner for Refugees says it is "gravely concerned" by legislation that would deprive some asylum seekers of welfare benefits - and claims the plans could "undermine the delicate humanitarian balance" of UK refugee law.

An unpublished paper says the withdrawal of welfare support from asylum appellants "undermines the ability of the United Kingdom to meet its regional and international treaty obligations". It claims the measures, which could lead to refugee children being denied benefits, would place the UK "squarely in violation" of obligations under the UN's Convention on the Rights of the Child.

New legislation to deprive some refugees of welfare payments is being proposed by Mr Peter Lilley, the social security secretary, and faces a close vote in a Commons debate later this month.

James Blitt, Westminster

Stressed managers 'go missing'

Middle-aged men worried about their careers have gone missing in their thousands during the past five years, says a study carried out by a leading UK charity.

Research by the National Missing Persons Helpline found that the incidence of missing people was greatest among men aged 31 to 50. Many are professionals trying to cope with changes caused by restructuring during and after the recession, says the study, which examined a sample of 3,500 cases reported between 1993 and 1995.

Some 38 per cent of its missing persons are in the 31 to 50 age bracket. The next highest group, those aged 19 to 30, accounts for 25 per cent. A large majority of both groups are men. The charity said middle-aged men were going missing as a direct result of being unable to cope with financial or work pressures.

Richard Donkin, Employment Staff

Glaxo abandons tax dispute

Glaxo Wellcome, the pharmaceutical company, said yesterday it was abandoning its long-running dispute with the Inland Revenue in a case with widespread implications for multinational companies. Glaxo challenged the Revenue's powers to investigate a company's past tax affairs in years where a final tax settlement had not been made. But the High Court and the Court of Appeal upheld the Revenue's powers to look at these "open years" - in Glaxo's case before 1996.

Jim Kelly, Accountancy Correspondent

Magazine seeks protection

The New Statesman, the loss-making left-of-centre political weekly magazine is to seek the right to go into administration on Monday.

The directors of The Statesman and National Publishing company decided last month to seek an administration order, partly to protect the company from creditors but mainly to allow a financial reconstruction to go ahead.

Independent trustees, who have the right to block changes in ownership, opposed a plan under which Mr Philip Jeffrey, the socialist millionaire, would have put £550,000 (£1.3m) in new money into the publication in return for sole control. The crisis at the magazine, once the pre-eminent voice of the British left, comes at a time when subscriptions are rising.

Raymond Snoddy, Consumer Industries Staff

Contracts

Water transmission Two Teesside companies have won a £4m contract to provide the control system for the Yanbu-Madina water transmission network for Medina in Saudi Arabia and other parts of the western province. The contract was awarded to Indusoft Projects, a computer systems integrator, and LIC Consult, a software house.

Chemical waste detector Graseby Dynamics, a subsidiary of the Graseby electronics instruments group, has been awarded a contract worth nearly £1m from the US army for a system that detects harmful chemicals in the atmosphere.

Gas pipes: Uponor, the Derbyshire-based unit of Finnish plastic pipe systems group Uponor Oy, has been awarded an \$88m contract to supply pipes for the UK's gas distribution network. Engineering: Clyde Blowers, the specialist engineering group, said its subsidiary BPE-Clyde PTE in Singapore has entered into a joint venture in China involving investment of \$550m (£350m). The joint venture company, Shanghai Clyde Machinery Company, will manufacture soot-blowing equipment for the Chinese power market.

Ireland may ask EU court to foil nuclear dump

By Chris Tigue in Newcastle upon Tyne

The government of the Republic of Ireland yesterday warned it would consider European Court action to block steps by Nirex, the UK nuclear industry's waste company, to develop a £2bn (£3.1bn) underground repository for nuclear waste in north-west England near the Irish Sea.

Mr Ernest Stagg, the republic's minister responsible for nuclear safety and radiation protection matters, said he has already referred to the European Commission the environmental impact statement compiled by Nirex. This was to support a planning application for a Rock Characterisation Facility (RCF) intended to test the proposed repository site's geology and hydrogeology.

Mr Stagg claims the Nirex statement does not comply with an EU directive because it fails to furnish necessary information on other possible British locations for its proposed RCF, and on other storage and disposal methods. He contends that Nirex has also breached international law by focusing its inquiries on a site near the coast without first fully explor-

ing inland possibilities. Mr Stagg, minister at the Department of Transport, Energy and Communications, yesterday led a high-level Irish delegation to the public inquiry in England at which Nirex is appealing against Cumbria County Council's refusal to grant planning permission for a £195m RCF near Sellafield at Gosforth, about 4km from the coast.

Mr Stagg said the RCF was a first step towards an underground dump for long-term storage of nuclear waste. It would be an unnecessary and unacceptable addition to the existing extensive operations at Sellafield.

Nirex's formal response to the Irish claims is expected in early February. But Nirex insisted it has complied with UK and international law. The RCF, it argues, is solely a research facility.

Nirex confirmed that should radiation escape through fractures in the rocks, it believed it would come out under the Irish Sea, which would dilute and disperse it. "The amount of radiation would make no significant change to the amount of radiation currently in the Irish Sea," Nirex said.

Trucks lead upsurge in vehicle sales

By John Griffiths in London

Registrations of commercial vehicles rose strongly for the third successive year in 1995, with the industry projecting further growth - but at a slower rate - during the next two years.

Growth was led by the heavy trucks sector, in which registrations jumped by more than 20 per cent last year. However, statistics from the Society of Motor Manufacturers and Traders show that registrations of all types of commercial vehicle, from light vans to buses, were 9.6 per cent higher at 249,928 compared with the previous year's 228,083.

Imports took a larger share of the total market in 1995, rising to 45.6 per cent from the previous year's 43.3 per cent. The figure disguises a sharp jump during December, when

Heavy truck registrations in 1995

Volume (Units)	Volume Change (%)	Share (%) Jan-Dec 95	Share (%) Jan-Dec 94
Trucks over 15 tonnes			
Total	22,596	+20.7	100.0
Volvo	6,138	+12.1	18.9
Leyland DAF (DAF Trucks)	5,503	+28.7	16.9
Scania (Iveco)	5,390	+40.3	16.6
Iveco group (Fiat)	4,090	+17.6	12.6
Mercedes-Benz (Daimler-Benz)	3,639	+15.7	11.8
DAF	3,062	+22.2	9.4
MAN	1,825	+4.8	5.0
Renault	1,305	+23.6	4.0

(Names in brackets indicate ownership)
*Includes Iveco Ford and Seddon Atkinson.
Source: Society of Motor Manufacturers and Traders and industry estimates.

ness reasons, and are regarded as a better indicator of economic activity than the car market. The disparity with the private car market suggests that carmakers must look to other factors than "lack of consumer confidence" to explain the lack of private buyers.

Total commercial vehicle registrations for last month were 13,737, an 8 per cent rise on December 1994.

The SMMT forecasts that overall commercial vehicle registrations will rise by a further 3.5 per cent this year and by 2.6 per cent in 1997. However, it believes that pent-up demand from heavy truck operators which delayed replacing their fleets during the recession has now been largely met, and that truck sales this year will be only 1.5 per cent higher - but with a further rise of 5.7 per cent in 1997.

Lesley Sumner
0171 873 3308

BUSINESS FOR SALE

KENT, SOUTH OF MAIDSTONE
Retirement sale of a very profitable wholesale pot plant nursery business. Annual NET Profit approaching £100,000. Almost 2 acres of equipment glasshouse. Ancillary buildings. 3-bedroom house. About 4.3 acres. Price Guide £250,000 (S.A.V.)
Monkhouse and Partners - Tel: 01796 872081

RETIREMENT SALE
Metal Fabrication Company with large proportion of forestry related business based on one acre site in Midlands. Established 66 years. Turnover £500,000 p.a.
Enquiries to 01476 84266.
Financial Times, One Southwark Bridge, London SE1 9HL

ENGINEERING SERVICES FIRM
T/O Approx. £600,000 p.a. Established and profitable business in E. Scotland serving range of offshore, industrial and public sector customers. Offers in region of £200,000. For further information, (Principal Only) apply to: BA191, Financial Times, One Southwark Bridge, London SE1 9HL

BUSINESS WANTED

BUSINESS REQUIRED
We act for bona fide clients who are interested in acquiring a profitable business, with the object of development and expansion. An investment in the region of £.5M is contemplated and a quick completion of sale is anticipated. Location is not vital but should ideally be in the Yorkshire/London area.
Please address all applications for the attention of J.A. East Esq FCA, c/o Messrs Auerbach Hope, 55-60 Berrers Street, London W1P 4JS.

Manufacturer Wanted
Seeking mfg. to market & build under US patent license. "Kar-Kool", uses no fire or gasoline. Keep vehicle cool while parked & in transit, low tooling costs.
USD \$10K. Non-exclusive. Call USA 802-235-2218

BUSINESS OPPORTUNITIES

TURNKEY MANAGEMENT OF ELECTRONICS MANUFACTURING
Software Development in India undertaken.
FRYER AND COMPANY LIMITED
Tel: 01582 32484 Fax: 01582 481852

OFFICE EQUIPMENT

OFFICE FURNITURE
Due to city bank order postponement we have a large quantity of quality executive and system ranges - conferences and receptions. Large choice of veneers: (Walnut, Rosewood, Ash etc.)
with discount of up to 40% from R.R.P.I!
London Showroom for viewing
Please contact
LINEABURO LTD Tel: 01992 504530
FREEPHONE: 0500 821565

WEEKEND BUSINESS

Home & Office Software

ACT! THE SALES MANAGEMENT SYSTEM

- Tracks all your Client Contact
- Prompts all your actions
- Has full VFP, Modern, Fax support
- DOS, WINDOWS, NETWORKS, MAC
- Training, Consultancy, Support, Product and now new for the Palm 3A

ASK FOR THE DEMO DISK
BROWN AND COMPANY
Tel: 01582 488444 Fax: 01582 488333

CENTRAL SOFTWARE UNIT TRUST SYSTEM
Robust Networked Package Recommended by Top Fund Managers Complete functionality Multi-currency Multi-lingual Correspondence Single and Dual (Windows, OS/2, Mac) High Staff Productivity A totally modern economic platform for I.T. efficiency
John Ormond Central Software
Tel: 01824 626877 Fax: 01824 626705
888 Northern Pkwy (Selling) 01783 244 255 Fax: 01783 244646

"ADAPT TO SURVIVE"
SUMMIT for Windows is a fully adaptive trading software which automatically computes current market conditions based on the scientific principles of information theory and sophisticated digital filters. It gives tabular display for portfolio analysis and splitting three dimensional graphics. Reads nine different data formats. Intraday, daily or weekly BUY, SELL and STOP-LOSS. High reward to risk ratio.
From John Ehlers, the author of MESA (UK)
Fax 0181 303 2960 Tel 0181 303 7407

IMPROVE YOUR PERFORMANCE
Meta Stock SuperCharts - TradeStation - VSA - Bay Options Candlestick Forecaster - Updates Software via Teletext - Quicken portfolio, books and videos. Historical and end-of-day prices available on CD ROM, diskette and via modem. CALL OR FAX FOR FREE CATALOGUE AND PRICING
Market Data Centre Ltd., 1921 Great Tower Street, London EC3R 5AQ
Tel: 0171 522 0094 Fax: 0171 522 0095

REAL TIME & END-OF-DAY TECHNICAL ANALYSIS SOFTWARE FROM INDEXIA
Three Technical Analysis systems available:
- Update in Real-time from PC Market - Eye, Telex, Pagers & Satellite Feeds.
- Update End-of-day ONLY data for 4500 instruments for only £25 per month.
INDEXIA Research, 121 High Street, Bournemouth BH4 2DU
Tel: 0142 870015 Fax: 0142 870054

BUSINESS OPPORTUNITIES
Tentative provides global real-time financial data direct to your PC at the lowest possible cost. Our Windows platform facilitates seamless interfacing with other Windows applications.
Available across Europe
Call Telford UK on 0171 406 4841

Charles Waters
0171 873 3303

UNIVERSAL EXOTICS, OPTIONS, SWAP, YIELD, ZERO-CURVE ADD-INS

Additional spreadsheet functions for Financial Markets Professionals using Lotus 1-2-3 and Excel (Windows, OS/2, Mac). European and American style options and warrants on bonds, commodities, currencies, futures and shares.
Prices range from £995 to £2,495.
FIS - Financial Systems Software
Unit Limited/Universal Ltd
The Royal House, 12th Floor
Aldershot Square
London EC2N 2HT
Tel: +44 (0) 171 1 600 600
Tel: +44 (0) 171 1 600 4102

SELECT 400 LIFE ADMINISTRATION SYSTEM
Robust Networked Package Unit Limited/Universal Ltd Complete functionality Multi-currency Multi-lingual Correspondence High Staff Productivity Integrated Life Customers A totally modern platform for I.T. efficiency
Unit Limited/Universal Ltd
Tel: 01824 626877 Fax: 01824 626705
888 Northern Pkwy (Selling) 01783 244 255 Fax: 01783 244646

STAR is all you need!
From only £9.00 p.w. this incredible program, from Synnergy Software, offers full valuation and charting facilities for 3500 instruments. No other package can contribute so much to your investments. For management of LSE equities, IT's, Warrants, Currencies or indices STAR offers unbeatable value.
To find out why, please telephone 01582 424282 and ask for an information pack.

Pain-free Data Collection
To get the most from your investment software package you must install upon, fast, accurate, flexible and reliable data. Look no further, Synnergy Software offers this service, in various formats, at extremely low cost.
Please telephone for more details on 01582 424282

FINALLY: REAL-TIME DATA YOU CAN AFFORD STOCKS, CURRENCIES, BONDS, DERIVATIVES AND NEWS
Tentative provides global real-time financial data direct to your PC at the lowest possible cost. Our Windows platform facilitates seamless interfacing with other Windows applications.
Available across Europe
Call Telford UK on 0171 406 4841

Tax snag over Granada's special dividend

By David Wighton and David Blackwell

The value of Granada's bid for Forte was thrown into doubt yesterday when leading tax experts said there was a "substantial risk" that the Inland Revenue would not allow tax credits on the proposed special dividend.

This would reduce the value of the offer by 11.75p a share for most institutional investors.

Granada replied that it had received "robust" legal advice that the scheme would be acceptable to the Revenue.

The tax experts consulted by Forte, including Mr Graham Aaronson QC, chairman of the Revenue Bar Association, said there was a significant risk

the Revenue would object to Granada's decision to offer a cash alternative to the proposed 47p special dividend.

It is the first time such a structure has been used in a bid and Forte was advised that it amounted to "streamlining" - allowing shareholders to choose between taking a payment as income or capital according to their tax position.

It has emerged that in several of the recent bids for regional electricity companies where special dividends were offered, the bidders were advised against offering such a cash alternative.

Forte pointed out that Granada had not applied to the Revenue for tax clearance of its scheme, which has

become the standard practice for such special dividends. "Perhaps they did not want to hear the answer," suggested one Forte adviser.

Granada said yesterday it did not intend to seek the clarification from the Revenue as requested by Forte. It said the offer of a cash alternative made its scheme similar to a share buy-back, such as that proposed by Forte, where the Revenue practice is not to provide prior clearance.

One independent tax lawyer said there was "room for genuine debate" as to the Revenue's likely attitude. But he added: "There is no doubt there is a higher risk that the Revenue will object because of the cash alternative. It is more provocative."

In a separate attack, Forte ques-

tioned Granada's claim that it would not pay any tax on the estimated £1.1bn taxable gain arising from its proposed sale of Forte assets. But Granada said it was confident it could eliminate the liability by using its £200m of capital losses, rolling over gains into new investment and by selling on some of the assets in the form of Forte plc, which will not lead to a capital gain.

Granada tried to hit back by pointing out that if Forte were unable to proceed with its share buy-back and was forced to pay the proposed special dividend alternative, it then intended to consolidate its shares. This would mean that the total dividends paid to ordinary shareholders would fall next year.

In the stock market yesterday, Mercury Asset Management bought another 1.1m Forte shares, taking its holding to 15.54 per cent and a further 185,000 Granada shares, increasing its stake to 14.56 per cent.

Shares in Granada eased up to 663p at the close yesterday, valuing its offer for Forte at 378.5p a share and the bid at 53.81bn, excluding tax credits. Forte shares edged up 0.5p to close at 369p - well above Granada's 322p cash offer.

● NatWest Securities is urging investors to buy Granada shares and accept the cash and paper offer. A broker's note published yesterday said the bid was always going to come down to management, adding that Granada's record "speaks for itself".

BOC directors' bonus schemes 'need reform'

By William Lewis

The remuneration structure for directors of BOC Group comprises a "multiple number of bonus schemes" and should be reformed, according to Pirc, the corporate governance consultancy.

Executive directors and senior directors of the industrial gases concern are eligible to participate in four separate performance-related bonus schemes, including an annual bonus scheme and a share incentive plan.

According to Pirc, which advises institutional shareholders, Mr Richard Giordano, BOC's non-executive chairman, currently stands to make a total of about £6.7m from the incentive plan.

Mr Giordano is retiring as chairman at BOC's annual meeting on Wednesday. The scheme's rules specify that units granted to directors do not have to be forfeited on retirement.

Cash payments are made to directors based on increases in BOC's share price over a period of eight years from the

time units are granted. Mr Giordano holds 1.6m share incentive units which were granted to him while he was an executive director of BOC. In a report to its clients, Pirc states that BOC's remuneration committee, known as the management resources committee, should "review remuneration policy and rationalise existing bonus schemes so that over-reliance on share price as a measure of performance is avoided".

Last year Pirc led a campaign to force British Gas to reform its remuneration structure. Mr Giordano is non-executive chairman of British Gas.

BOC said yesterday that Mr Giordano is likely to make from his share units "was a calculation at any moment in time".

The company said the actual amount to be paid to Mr Giordano would "depend on what the share price is going to do until he can access them" - the units. It refused to comment on the number of schemes available to BOC directors.

Buyers eye up Forte's London hotels

By Scheherazade Daneshmandi, Leisure Industries Correspondent

Several potential buyers have been running their eye over Forte's prestigious London hotels, although advisers to the Sultan of Brunei yesterday denied that he was "in any way involved".

Jewel in the crown is The Grosvenor House, part of the Exclusive business. Forte has said this hotel makes more money than its Travelodge chain, which it plans to sell to Whitbread, the brewer and leisure company.

There are already a number of prestigious hotels on the London market. These include the Hilton Langham, Inter-Continental's Britannia, the Howard hotel, owned by the Barclay brothers who also own the Ritz. They asserted yesterday that the Ritz was not for sale.

To these would be added Forte's other London Exclusive and its Meridian hotels: the Hyde Park, the Piccadilly Meridian, the newly refurbished Browns and Waldorf Astoria and the Westbury.

In addition, both Forte and Granada have said they will dispose of Forte's 68 per cent shareholding in the Savoy group of hotels - the Connaught, the Berkeley, Claridge's as well as the Savoy Hotel itself, in London, Prince Al-Waleed, the Saudi investor, is interested in Savoy, but has indicated he would want the support of the controlling trusts.

The most likely buyers for the Meridian and Exclusive hotels, according to hotel consultants, are the prominent hotel chains which are looking to expand in London. These include ITT Sheraton and Marriott, which has a holding in Ritz-Carlton. There are no Ritz-Carlton hotels in London, but ITT Sheraton owns the Sheraton Park Tower in Knightsbridge.

Accor, France's largest hotel chain is known to be interested in the purchase of Meridian. It lost out to Forte when Air France sold the chain in 1994. Hotel consultants believe it is unlikely to have changed its mind about buying a premium price for the group.

Mr Alan Hopper, chairman at Pannell Kerr Forster, hotel consultant, said: "London is a such a good hotel market that there would be no difficulty in getting the sales under way. The issue is getting the best price."

Granada said yesterday that it was under no financial pressure to dispose of the hotels quickly.

'Much larger' Dawson down at £3.5m

Dawson Holdings, a provider of information-related services which joined the Alternative Investment Market in June, reported pre-tax profits of £2.5m for the year to September 30 against a restated £4.5m.

Mr Peter Brown, chairman, said that as a result of acquisitions and growth Dawson was a much larger group, more focused on its core activities.

The shares rose 120p to £10.10.

The Faxon acquisition in the US had been successfully integrated, he said, although losses there, consolidation of the depot network of its associate Stridger Dawson, and interest costs of recent acquisitions had reduced profits.

In electronic publishing, Mr Brown said an internet publishing kit and subscription service would be available in mid-1996.

Turnover amounted to £331.9m (£313.4m) of which £187.4m came from acquisitions. The final dividend of 20p lifts the total to 30p (29p), payable from earnings per share of 36.1p (32.3p).

Pragmatist booked to reshape Rexam

Rolf Börjesson, incoming head of the packaging group, talks to Patrick Harverson

Mr Rolf Börjesson, Rexam's newly appointed chief executive, was in a relaxed mood on a visit to London this week, unruffled by his meeting with a dozen analysts.

The printing and packaging group has not been popular in the City lately. After a strong start last year, two profit warnings in the second half wiped 38 per cent off the value of Rexam's shares and left investors reeling. Given the opportunity to meet the incoming chief executive, analysts were looking forward to asking some tough questions.

Mr Börjesson seems to have handled them comfortably. "I was quite impressed by him," said one analyst. "He had an easy manner and enunciated his views on things very well. But he would not be drawn into details, and clearly he can't say anything about Rexam because he does not know anything about Rexam."

The 53-year-old Swede, who for the past eight years has been chief executive of PLM, the Swedish packaging company, agrees that he has a lot of work to do before he takes over in July from Mr David Lyon. "My first task will be to learn more about the business," he says.

To that end, from April he will join Mr Lyon (who is staying on for a year in a non-executive capacity) on a tour of Rexam's worldwide operations. Until it is completed, he will not comment on his plans. "It's too early for me to say what I'm going to do. I'm not a believer in early judgments."

Yet it should not take long for Mr Börjesson to work out what the problems are at Rexam, which will report a 20



Rolf Börjesson, who is due to take over in July: 'My first task will be to learn more about the business'

per cent drop in profits to about £185m for 1995 in spite of a healthy increase in turnover. Admittedly, he can do little about the most immediate problem - the shortage of demand caused by heavy destocking, which is affecting the entire packaging and paper industry. Fortunately for the incoming chief executive, the situation may already be easing, as companies have recently reported a slowdown in destocking.

More importantly, Mr Börjesson - aided by the new chairman, Mr Jeremy Lancaster, formerly long-time chairman of the Wolseley building products group - will have to get to grips with some structural

problems, such as what to do with the non-core engineering and building businesses. Critics believe Rexam is too broadly spread, operating a range of businesses that generate no obvious synergies.

Mr Börjesson is wary of being drawn on the subject of whether non-core businesses should be sold. He says: "What strikes you when you look at Rexam is that there are certain areas you may think do not belong in the group. But you have to be very careful because they generate a lot of cash. Maybe it is best to keep them."

He will also have to improve the performance of some of the more recently acquired components - such as SCL, the US

coated products company, where margins have failed to meet expectations. As one analyst says: "There are businesses lying around that have to be knitted together better."

While Rexam says Mr Börjesson was hired because of his track record of running international companies, his experience of restructurings is likely to have been a big attraction for a group in need of some reshaping. As Mr Börjesson says: "If you look at my record, I've been turning around businesses for the past 20 years."

At home, the new Rexam chief executive has a reputation as a dynamic personality. A Stockholm-based analyst describes him as "a good

leader, very self-confident with strong views".

Last year he was said to have been instrumental in persuading Industrivärden, PLM's owners, not to sell PLM to Ball Corporation of the US for \$14.5bn (\$422m). PLM was subsequently floated on the Swedish stock market.

So how does Mr Börjesson see himself? "If I should describe my style it is very straightforward, pragmatic and results-oriented. I'm not known to be very slow. I'm known to be rather impatient."

That should please a City impatient to see Rexam recover its footing this year after stumbling so badly in 1995.

Former Manweb chief joins Welsh Water to run Swalec

By Peggy Hollinger

Mr John Roberts, the former chief executive of Manweb who left after the regional electricity company's fiercely contested takeover by Scottish Power, is joining the board of Welsh Water.

Mr Roberts, described by one electricity analyst as "a human face in among all the greyness", has been recruited to run South Wales Electricity should Welsh Water's agreed offer be approved by the government.

Mr Graham Hawker, chief executive of Welsh Water, said Mr Roberts' appointment would answer the market's fears that the water company did not have the expertise to run an electricity group. "Manweb was a very well rated com-

pany when it was stand alone and before the bid," said Mr Hawker, "and John is a first class electricity manager."

Mr Roberts will become chief executive of Swalec and an executive director of Welsh Water. He is expected to have an 18-month rolling contract, although his salary has not been disclosed.

Mr Roberts has spent his whole working life at Manweb, rising from apprentice to chief executive over 30 years. His strategy of focusing on the core utility was well received by a market disappointed by disastrous diversifications in the sector.

Under Mr Roberts, Manweb worked closely with Welsh Water on the savings from merging water and electricity companies.



John Roberts: move will calm fears about lack of expertise

Midland buys CU life stake for £50m

By George Graham, Banking Correspondent

Midland Bank has bought out the remaining 20 per cent stake held by Commercial Union, the composite insurer, in its life assurance subsidiary, Midland Life.

The bank, part of the HSBC group, exercised an option to buy the stake for £50m.

CU initially invested £4m in 1988, when it helped Midland enter the life assurance business by providing administration and product expertise. The stake's carrying value at September 30 was £58m.

The stake has gradually been reduced from an initial 35 per cent.

Midland Life sells life assurance and pension products through Midland's bank

branches. Its embedded value, which includes net tangible assets, the net present value of policies in force, and the retained surplus in long term assurance funds, is £176m.

Scottish Mutual Assurance, the life assurance subsidiary of Abbey National, said its new business grew 32 per cent last year, despite a downturn in the overall UK life and pensions market.

Total new annual life and pensions business almost doubled to £26.2m, while new single premium business rose 6 per cent to £470m.

Scottish Mutual said its operating expense ratio - total management expenses plus commission in proportion to annualised new business - dropped to 104 per cent, against 126 per cent in 1994.

Pechiney to sue UCM after acquisition talks fail

By Tim Burt

Universal Ceramic Materials, the ceramic products manufacturer, yesterday said it was being sued for FF 20m (£2.62m) by Groupe Pechiney following the breakdown of talks with the French aluminium and packaging group.

UCM said it would fight the lawsuit, which was issued after the two companies failed to agree a purchase price for Pechiney Electrometallurgie (PEM), the French company's fused magnesia business.

Pechiney has accused UCM of negotiating in bad faith dur-

ing the six-month discussions. Mr Bob Hughes, chief executive of UCM, rejected the claims, saying: "We have incurred considerable costs ourselves during these discussions and we would not have proceeded if we had no intention of acquiring the business."

PEM would have been integrated into UCM's existing magnesia operations had the deal gone ahead.

Mr Hughes declined to say why the talks had failed or how much UCM had offered. It has instructed Birmingham solicitors Edge & Ellison to fight the case.

Disney spends £80m on UK HQ

By Geoff Dyer

Disney, the US entertainment group, is to buy the first phase of the Centre West property development in London for just under £80m from Hypo Bank, the German mortgage bank.

The property has 250,000 sq ft of offices and 100,000 sq ft of shops. Hypo Bank confirmed it is selling the Hammersmith

property but refused to disclose the buyer's identity. Sources close to the deal confirmed it was Disney. A formal announcement is expected shortly.

In October, Disney leased 220,000 sq ft of the site's office space for its UK headquarters. Hypo Bank helped finance Centre West and has effective control of its first phase.

Morgan Stanley reshuffle

By John Gapper, Banking Editor

Morgan Stanley, the US investment bank, yesterday announced a series of changes to its top management in London as a result of Mr Steven Ward, its co-chief executive for Europe, moving back to the US after a four year tenure.

Mr Ward, the British co-chief executive and head of fixed income in Europe, becomes

sole chief executive while his place as head of fixed income is being taken by Mr Mario Francescotti, who is also British.

Sir David Walker, executive chairman of Morgan Stanley in Europe, said the moves reflected the growth of the firm in London. "We no longer need to have a high-powered American parachuted in to help run the business," he said.

Mr John Stuzinski becomes chief operating officer of the

firm's investment banking division in Europe, reporting to Mr Ward. He is to be assisted by Mr Spencer Fleischer, who is appointed head of corporate finance.

Mr John Hepburn, the current head of corporate finance is to become a vice chairman, concentrating on client relationships. Mr Keith Brown, co-head of research, will head the financial institutions group of the investment banking division.

Bull takes majority in Cara

By Paul Taylor

Bull UK & Ireland, part of the French computer concern Groupe Bull, has acquired a majority shareholding in Cara Group, the Irish Republic's leading independent computer services company.

The deal fits in with Bull's strategy of strengthening its presence in Ireland where Cara has offices in Dublin, Cork and Limerick and employs 200 people.

Bull will initially take a majority stake in Cara at a price based on the Irish company's current market valuation and its future performance.

Cara has focused on computer systems and networks, customer engineering services such as site installation and repair and maintenance, and computer software and services such as payroll processing.

The group is expected to

have turnover of about £300m (£281m) in the year to March 31, up from £238m a year ago.

Mr Richard Snook, chief executive of Bull's UK and Ireland operations, said: "Bull and Cara were in discussions two years ago and have had an on-going business relationship since then."

The management of Bull and Cara have always seen the benefit each organisation can bring to the other's business."

NEWS DIGEST

Hi-Tec bounces back into black

Concentration on its core footwear activities following the sale of its remaining European textile interests in July helped Hi-Tec Sports return to the black at the interim stage.

Pre-tax profits for the six months to October 31 were £510,000, against losses of £5.77m including restructuring charges of £5.91m.

Mr Frank van Wessel, chairman, said the outcome reflected a "leaner business with lower overheads contributing towards improved operating margins". Underlying margins were 4.1 per cent, against 3.7 per cent, from continuing businesses. Improvements were seen in North America, continental Europe and South Africa, but the UK continued to suffer from price pressure in athletic shoe markets and retailers' inventory reductions.

Overall sales dropped 13 per cent to £49.7m following tough trading conditions and "persistent" trade destocking particularly in the UK and North America. The interim dividend is passed (1.5p).

Sage chairman sells 1m shares

Shares in Sage Group, the software company, dropped 9p to 333p as Mr David Goldman, founder and chairman, sold 1m shares, about 15 per cent of his personal holding.

Mr Goldman - who indicated in December that he intended to become non-executive chairman in March - said the money would be used to buy a London property and for other personal expenses.

Sage last October announced its 10th successive year of profits and revenue growth. Its share price has risen steadily from about 70p in mid-1993.

Tomkins completes US bid talks

Tomkins, the UK industrial conglomerate, has completed contract negotiations with Gates Corporation over its estimated \$1bn (£800m) all-paper offer for Gates Rubber, the US group's components subsidiary.

Although the UK group had hoped to sign contracts before the end of last year, its said some technical issues remained to be resolved. The family owners of Gates chose Tomkins as a preferred bidder last month after rejecting rival offers from Tenneco and Dana Corporation of the US.

Tomkins is next week expected to report increased first half profits of about £128m (£114.5m).

Squeeze on margins hits French

French, the curtain styling and home accessories company, reported pre-tax profits for the year to September 30 down from £1.1m to £928,000.

The company blamed the fall on depressed margins caused by higher prices for raw materials, although cost savings and improvements in purchasing helped soften the impact. Results so far for the current year were as planned.

Global buys for up to £2.4m

Global Group, the USM-traded meat products and processing concern, has agreed to purchase two companies for an initial £2.38m, with a maximum deferred consideration of £500,000.

The acquisition of Mawbeef Manufacturing, Birmingham-based maker of meat products, for an initial £2.13m will be part financed by a placing to raise £1.67m. As part of the deal Global will assume debt of £886,000.

Ravencrown, which distributes a range of frozen food and related products - it is a customer of Mawbeef accounting for 10 per cent of its turnover - will be bought for £242,558 of Global shares.

Gartmore venture capital trust

Gartmore, the investment management company, is planning to raise up to £20m with the launch of a venture capital trust.

VCTs, introduced last year, qualify for generous tax reliefs and must invest in small unquoted businesses. To date, investors have been enthusiastic about the new investments, and most have failed to raise as much as hoped for.

The fund will be managed by Gartmore Private Capital, which currently manages £39m of funds invested predominantly in unquoted companies.

In Brief

■ BICC is to buy the minority holdings in BICC Phillips for \$6.2m (£4.02m).

■ FIRSTBUS has bought a 20 per cent equity stake in Mainline Partnership, a South Yorkshire bus operator, from Stagecoach for £1.63m. FirstBus has also subscribed for a £3.5m secured loan note and for £386,000 of non-voting convertible Mainline deferred shares.

■ GATES (FRANK G) has sold its freehold site at Waltham Abbey for £3m cash. It will use the proceeds to reduce debt.

■ ICI EXPLOSIVES is to take a 51 per cent stake in Iberobel, a Spanish explosives company.

■ MDIS is selling a freehold property to 3Com for £10m cash against a book value of £13.5m. A £3.5m write-down was included in the £20m exceptional charges referred to in last month's trading statement. The disposal will generate savings of £1.2m a year. It has also sold its loss-making libraries business to Dynix Deutschland for a nominal sum.

COMPANIES AND FINANCE

Argos margins held as Christmas sales rise

By Neil Buckley

Argos, the catalogue retailer, yesterday confirmed that it had enjoyed one of the best Christmas performances of any retailer, with total sales up 14 per cent in the five weeks to Christmas, and like-for-like sales up 8 per cent.

The increase came on top of double-digit Christmas sales growth in each of the two previous years.

Shares in the company closed up 4p at 565p as it said it had maintained gross margins at a "broadly similar level" to those of the same period last time.

This was despite a warning when it launched its autumn/winter catalogue last summer that price reductions on products might squeeze the gross margins.

For the year to December 30, total sales were up 14 per cent, indicating that there was only a slightly slower sales growth in the second half of the year compared with the 15 per cent it reported in the first half.

Mr Bob Stewart, the finance director, said that sales of higher-margin furniture products, as well as textiles, and leisure and sports goods had been particularly strong, compensating for the expected poor performance by the DIY division and gardening goods.

Sales increases in other product areas were close to the overall average, Mr Stewart stated.

There were also signs of customers trading up, with average price ticket sizes increasing for the first time in

18 months.

Mr Stewart refused to comment on suggestions that Argos might be a bidder for the UK business of Signet, the jewellery retailer, which on Thursday said it was inviting offers for its H. Samuel and Ernest Jones chains.

Argos is already the UK's second-largest jeweller, with about 10 per cent of the market, and analysts have speculated it might use its cash pile to bid for both chains, or for H. Samuel.

T.J. Hughes, the discount department store retailer based in north-west England, said like-for-like sales over Christmas increased, but not by enough to offset a disappointing autumn period.

Margins had also been reduced by intense price competition.

S&P lowers Kmart debt to junk bond status

By Richard Waters in New York

Kmart, the struggling US discount retailer, yesterday suffered a further blow to its finances as its debt rating was lowered to junk bond status by Standard & Poor's, the US rating agency.

The downgrade came a day after Kmart indicated it was well on the way to completing an accord with its bank creditors.

The company, which is attempting to extend \$2.7bn of bank loans, has been beset by rumours that it will be forced to file for protection under Chapter 11 of the US bankruptcy code, a suggestion that Kmart has consistently rebuffed.

S&P said it has lowered the company's senior debt rating to double-B from triple-B, a move which strips the retailer of an investment-grade credit rating.

It also lowered Kmart's commercial paper rating from A2 to B, a move that effectively confirms that the company has been shut out of the short-term debt markets, forcing it to rely for liquidity on its bankers.

The retailer's debt rating has been a central issue in the renegotiation process. Its creditors have the right to require early repayment of some \$800m of debt linked to real estate if Kmart's rating falls below a certain level.

Kmart's main bank creditors agreed in principle the weeks ago not to exercise this "put" option, and the company said late on Thursday it had won support from the "request" number of banks to proceed with its debt accord.

S&P called the agreement over the "put" option a "major plus" and said its new rating was based on an assumption that the debt deal would be completed as planned.

It added, though, that the company faced considerable challenges over the next two years, both in implementing its new business strategy and securing adequate liquidity.

Also, it said, the company would soon have to start fresh negotiations with its bankers, since it faced massive debt repayments during 1997.

Isetan sues Barney's owners

By Eniko Terazono in Tokyo and Tony Jackson in New York

The dispute between Barney's, the bankrupt New York retailer, and its Japanese partner, Isetan, deepened yesterday with a \$168m lawsuit from Isetan against Barney's joint chairman and owners, the brothers Mr Robert and Gene Pressman. Isetan claimed the brothers had personally guaranteed short-term loans to that amount.

The suit comes in response to a threatened \$50m suit by Barney's for money allegedly withdrawn by Isetan from a joint venture between the two companies. Barney's Chapter 11 bankruptcy filing was disclosed by Isetan on Thursday.

Isetan's US lawyer said the \$168m lawsuit had been made on an emergency basis in 1993 and 1994 to cover cost overruns on the building of two Barney's stores in New York and Beverly Hills. He claimed Barney's had defaulted on the loans in March of last year.

Isetan said that at a meeting in Japan at the end of November, Mr Robert Pressman had said Barney's had been incurring significant operating losses for some time. This contradicted all previous financial

Information given by Barney's, Isetan said.

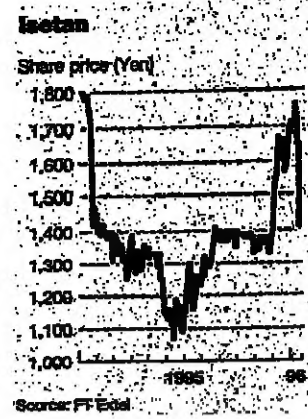
In Tokyo, concerns over threats of legal action by Barney's depressed Isetan's stock price ¥140, or 14.5 per cent, to ¥1410.

Mr Kimihiko Murata, an Isetan official, denied any knowledge of the allegations. Isetan, which claims to have extended more than ¥200m (\$191.2m) in loans to Barney's affiliates, said the relationship between the two companies began to deteriorate after the New York retailer had stopped paying interest in March last year.

Isetan had funded Barney's expansion in the US and invested and lent a total of ¥61.6bn to the stores.

Isetan said it had refused Barney's demands to assume ownership of the property. Industry analysts believe the New York retailer was using threats of legal action as a bargaining chip to obtain ownership of the US stores. "It's a calculated strategy by Barney's," said a retail analyst in Tokyo.

Barney's claimed that under its original agreement with Isetan, it was eventually to assume ownership of stores in Manhattan, Chicago and Beverly Hills which had



Source: FT Data

it may cover the losses by selling marketable assets. Ironically, the dispute comes when Barney's Japan, a retailing joint venture in Japan in which Isetan owns 80 per cent, is posting double-digit sales growth.

The dispute between the two retailers comes when Isetan itself is struggling back on to its feet. The company managed to resurrect its image, after Mitsubishi Bank, its main creditor, resolved its dispute with Shuwa, a real estate and property speculator, which had cornered Isetan stock in the late 1980s.

The retailer posted a 46.9 per cent increase in its recurring profits to ¥6.4bn for the year to last March, its first rise in four years, and expects a slight uptick in the current year.

The company's two stores in Tokyo and Yokohama have come out winners in spite of the slump in consumer confidence, and the retailer reported a 30 per cent sales rise for the year ended last March.

While Mr Toshiaki Tashiro, president of Barney's Japan, expects that the effects on its relationship with suppliers and other business contacts will be minimal, he is concerned at the impact on the retailer's image.

Hodder Headline lifts sales but retains caution

By Alice Rawsthorn

Hodder Headline, the book publisher which issued a profit warning last autumn, yesterday announced a 13 per cent sales increase for the final quarter of the year following the collapse of the net book agreement.

Mr Tim Hely Hutchinson, chief executive, said sales had improved in the final quarter when Hodder clinched large orders from the non-traditional book retailers, notably supermarkets, which are aggressively expanding their book activities following the demise of the 96-year-old pact which had prevented the discounting of new books.

However, Mr Hely Hutchinson cautioned that despite the fourth quarter recovery, group profits would still be below the £3.18m of 1994 made from turnover of £80.6m. Hodder's unaudited sales for 1995 totalled £89m.

"The profit warning we made in September still applies," he said. "But things have not got worse and we are hopeful that they will now get better."

Hodder, a long-standing critic of the net book agreement, opted out in late 1994 before the rest of the industry and started discounting novels by best-selling authors such as Rosamunde Pilcher and John Le Carré.

It has stepped up its discounting activity since early October when other publishers abandoned the agreement and supermarkets started selling books on a larger scale.

Mr Hely Hutchinson declined to comment on the impact of discounting on profitability. However, he said publishers "ought to be able to make as much profit from discounted deals as long as there are good volume increases and firm sales".

Hodder also announced the appointment of Mr Richard Adam, 38, as group finance director. Mr Adam, an accountant who was previously chief financial officer of The Family Channel, replaces Mr Paul Coley who resigned in July.

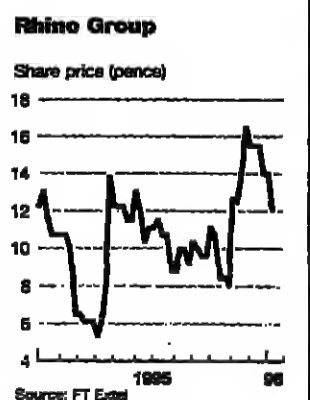
Rhino to suffer after price war

By Peggy Hollinger

A fierce price war before Christmas has taken its toll on Rhino Group. The recently restructured computer and video games retailer announced yesterday that annual losses would be greater than expected.

The shares edged back 1/2p to 13p as analysts revised estimates for the year from losses of about £6.7m to almost £5m.

Rhino last year launched two rights issues which has left management control and a 25 per cent stake in the hands of Electronics Boutique, the US video games and software retailer.



The company has incurred losses for the last two years, although the market had expected it to break even in the second half.

Mr John Steinhilber, chief executive, said the expectations had been thrown off course by a price war between Virgin Group and the retailer, Game, which had knocked about two points off margins in December.

The company had also suffered some stock difficulties after introducing automated replacement systems in the Future Zone stores.

However, he said these problems were now behind the group. The price war appeared to be over and margins had improved by 3-4 points.

Furthermore, like-for-like sales in the three months to the end of December were 4.6 per cent ahead.

The market is still expecting the group to make a marginal profit next year.

Siemens plans IT acquisitions in UK

By Stefan Wagstyl

The British offshoot of Siemens, the German electronics and engineering group, is planning acquisitions in the information technology industry, Mr Jürgen Gehrels, chief executive of Siemens' UK operations, said yesterday that, even though the company had grown fast, it needed to make acquisitions in markets where it was weak.

With information technology sales of £200m last year, Siemens only had a small share of a UK market worth an annual £10bn.

The company's acquisitions last year included a controlling stake in a telephone switchboard maker from Mercury Communications and investments in two former British Rail maintenance depots. Siemens UK achieved turn-

over of £1.25bn last year, marginally down on 1994, when the company benefited from large power plant orders.

The UK market for electrical engineering and electronics grew by between 5 and 6 per cent last year and should grow by a further 6 per cent in 1996, said Mr Gehrels. Siemens believes its own sales will grow faster than this, particularly after 1997, when its microchip plant in north-east England comes on stream. Mr Gehrels forecasts that turnover will double in the next five years.

Mr Gehrels saw little sign of the slowing in exports reported by other companies. He predicted a 20 per cent increase in exports this year from £267.8m in 1995.

He added that the British government's privatisation policies had contributed to Siemens' growth.

Optoelectronics group set for £20m flotation

By Alan Carne

Integrated Optical Components, which makes novel electronic devices to drive the information super-highway, plans to join AIM through placing likely to value it at about £20m.

The flotation is likely to happen at the end of February, with Henry Cooke Lumsden acting as broker. New shares will be issued representing some 30 per cent of the enlarged company.

IOC believes it has a lead in the manufacture of optoelectronic components fabricated from chips based on lithium niobate. Its principal product is a modulator, a £2,000 device used to modify light passing down a fibre optic strand to enable it to carry information.

Turnover to September 1995 was about £1.6m. Mr John

Meyrick, financial director, said this year the figure was expected to more than double. Profits last year were a shade under £100,000.

IOC was formed in November 1991 by Mr Mike Powell, now managing director, Mr Adrian O'Donnell, technical director, and Mr Jake Dodson, production director, all former employees of GEC Marconi.

Initial funding of £1.5m was provided by 3L BTG and Innovation. Total investment to date is about £3.5m.

Mr Powell said the cash would be used to further the company's aim of becoming an industrial "foundry" for lithium niobate chips.

The company believes its lead lies in its knowledge of the lithium niobate fabrication method. "There is a fair amount of black magic in the process," Mr Powell said.

Compass chief's 43% increase

Mr Francis Mackay, chief executive of Compass, the contract catering group, received a 43 per cent pay rise in the year to October 1 1995.

His total remuneration of £559,000, compared with

£391,000, and included a payment under a long-term incentive scheme amounting to £148,000.

Pre-tax profits in the same 12-month period were 31 per cent ahead at £73.2m.

Axa, Generali near to deal on shareholdings

By Andrew Jack in Paris

Axa, the French insurance group, and Generali, its Italian competitor, are expected to conclude a new agreement covering their cross-shareholdings by the end of next week.

Mr Antoine Bernheim, the partner with Lazard Frères, the French investment bank, and newly-appointed chairman of Generali, said he expected to reach an accord shortly.

Axa has confirmed that discussions are under way to resolve the relationship between the two groups, which have held 40 per cent cross-shareholdings through non-quoted holding companies since 1989, the legacy of the takeover of the French insurer Compagnie du Midi by Axa.

Shortly after he became chairman of Generali last year, Mr Bernheim said he wanted his group to become more active partner with Axa, although the French group replied that in the past it was the Italians who had proved reluctant to co-operate.

Mr Bernheim said last week the current status of its Axa stake was "no longer of interest" and that while there were no conflicts, it would serve both groups if the stakes were held through quoted shares.

Mr Horsham, the Toronto-based holding company controlled by financier Mr Peter Munck, said US\$250m derived from a public offering of 3 per cent 25 year debentures will be used for general corporate purposes. Horsham will now have about US\$500m in cash resources, writes Robert Gibbins in Montreal.

After 10 years, the debentures can be converted into shares of Barrick, Mr Munck's gold producer, now held by Horsham. The ratio is 32.3 shares for each US\$1,000 of principal.

INTEREST RATES ARE GUARANTEED TO REMAIN COMPETITIVE

DIRECT SAVINGS
BRISTOL & WEST BUILDING SOCIETY

0 8 0 0 3 0 3 3 3 0

THE DIRECT SAVINGS PORTFOLIO: INSTANT ACCESS, 90 DAY, NICA, TERM, TESSAS.

Name of Society	Product	Guar. Rate	Guar. Rate	Net Rate	Net Rate	Interest Paid	Minimum Investment	Access and other details
Bristol & West (01454 728721)	Overnight High Int	5.50	5.50	4.48	4.48	Ytd	50,000	Instant Access above £10K, otherwise 90 day notice
	First Class Instant Access	6.40	6.40	5.12	5.12	Ytd	100,000	Instant Access Postal Account
	First Class Instant Access	5.75	5.75	4.60	4.60	Ytd	25,000	Instant Access Postal Account
Bristol & West (01454 728721)	Overnight Fixed 1 Year	6.50	6.50	-	-	Ytd	5,000	Fixed until 31 Jan 1997, then 62m
	Overnight Fixed 2 Year	6.75	6.75	-	-	Ytd	5,000	Fixed until 31 Jan 1998, then 62m
Bristol & West (01454 728721)	Overnight Fixed 3 Year	7.25	7.25	-	-	Ytd	5,000	Fixed until 31 Jan 1999, then 62m
Bristol & West (01454 728721)	Monthly Saver	-	7.00	6.25	-	Ytd	10-100	Twelve equal, consecutive monthly payments
	Special Asset	-	5.50	4.38	-	Ytd	25,000	90 days notice, then interest rates monthly interest available
	Special Asset	-	5.50	4.16	-	Ytd	40,000	Interest rates available
	Special Asset	-	5.40	4.05	-	Ytd	20,000	Interest rates available
	Special Asset	-	4.85	3.71	-	Ytd	10,000	Interest rates available
Catholic (01717 222 67887)	Jubilee Bond 2	6.42	6.42	4.82	4.82	Monthly/Ytd	30,000	90 Day notice or penalty, £25 - at 5.17% (4.62% net)
Century (01454 728721)	"A" Shares	7.00	7.00	5.25	5.25	Annually	100	90 Day notice
	Ordinary	5.75	5.75	4.3125	4.3125	Ytd	1	Instant Access
City & Midland (01454 728721)	Saver 90	5.50	5.50	4.43	4.43	A	10,000	90 days notice for withdrawals. Gross rate for £2500-£9,999 - 5.30
Direct Building Society (01454 728721)	Bonus Gold	-	6.00	4.54	-	Ytd	100,000	Including an interest bonus of 0.25% p.a. provided no withdrawals
	Bonus Gold	6.00	6.00	4.43	4.43	Monthly	100,000	Made during previous 12 month period. Tiered rates from £10,000
	Gold	-	5.50	3.80	-	Ytd	50,000	Instant access, no penalty on min of £10,000. Otherwise 90 days notice or 90 days loss of interest. Tiered interest rates from £500
	Gold	5.20	5.20	3.81	3.81	Monthly	50,000	Instant access no penalty. Tiered interest rates from £500
	Gold	-	4.15	3.11	-	Ytd	25,000	5 year term including 2 bonuses
	TESSAS 2	-	5.50	-	-	Ytd	50	
London & Leamington (01715 345 8711)	Capital Bond	6.50	6.50	4.88	4.88	30 April	100,000	90 days notice/penalty. Monthly interest option also available
	Gold Account	5.20	5.20	3.80	3.80	1 Jan	100,000	No notice, no penalty
	Tessas	6.25	6.25	-	-	1 Jan	1	No transfer restrictions or charges on withdrawal - 1% notice liability yr 5
Mandarin (01722 882821)	Agencia	-	5.00	3.75	-	Annually	25	No notice, no penalty - order citizens only
	Tessas	-	6.25	-	-	Annually	10,000	
Newcastle (0191 222 8778)	Direct 50	-	6.00	4.52	-	Annually	100,000	Withdrawals subject to 30 days notice (instant access, 50 days loss of interest). Available through "Maxicash Direct"
	Direct 50	-	6.00	4.59	-	Monthly	100,000	No withdrawals during 12 month term. Thereafter 90 days notice (instant access 90 days loss of interest)
	New Star (Direct 50)	-	6.00	4.80	-	Annually	1000	
Paragon Channel Islands (01454 728721)	Gold Plus	6.45	6.45	-	-	Ytd	5,000	Max. holding £1,000,000. 50 days notice or penalty. Monthly option
	Instant Gold	6.00	6.00	-	-	Ytd	5,000	Max. holding £1,000,000. Instant access. Monthly option
Principality (01222 344180)	Tessas	7.25	-	-	-	N/A	25	Ten exempt where capital remains for 5 years
Safeway (01759 708511)	High Street	6.50	6.50	4.20	4.20	Ytd	2,000	Instant access, opened through branches
	High Street	5.75	5.75	4.31	4.31	Ytd	15,000	
	High Street	6.50	6.50	4.88	4.88	Ytd	30,000	
Yorkshire (0800 578895)	Tessas Premier	6.05	6.05	-	-	Ytd	100	90 days notice to transfer
	1st Class Access	5.50	5.50	4.48	4.48	Ytd	100,000	Minimum opening balance £1,000
	1st Class Access	5.70	5.70	4.28	4.28	Ytd	50,000	Instant postal access
	1st Class Access	5.45	5.45	4.08	4.08	Ytd	25,000	Link ATM card for access 24 hrs
	1st Class Access	5.25	5.25	3.81	3.81	Ytd	10,000	
	1st Class Access	5.20	5.20	3.80	3.80	Ytd	1,000	
	1st Class Access	2.50	2.50	1.88	1.88	Ytd	25	
Westchase (0800 222222)	Premier 50	-	6.20	4.55	-	Ytd	200,000	Monthly income available
	Premier 50	-	5.80	4.48	-	Ytd	100,000	Index variable
	Premier 50	-	5.65	4.24	-	Ytd	50,000	One instant withdrawal £10K per annum, others at 90 days
	Premier 50	-	5.40	4.08	-	Ytd	25,000	Instant withdrawal
	Premier 50	-	4.85	3.41	-	Ytd	10,000	Instant withdrawal
	Premier 50	-	3.50	2.85	-	Ytd	5,000	Instant withdrawal

For telephone use local directory. Effect of basic rate tax, CAR = Annual yield after interest compounded, 12/1/95

TELEPHONE ACCESS - 24HRS A DAY, 366 DAYS A YEAR.

DIRECT SAVINGS
BRISTOL & WEST BUILDING SOCIETY

0 8 0 0 3 0 3 3 3 0

THE DIRECT SAVINGS PORTFOLIO: INSTANT ACCESS, 90 DAY, NICA, TERM, TESSAS.

RESULTS								
	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
Debenhams Holdings £ _____ Yr to Sept 30	331.9 (131.4)	3.5 (4.5)	36.1 (82.3)	20	March 8	15	30	29
French _____ Yr to Sept 30	15.6 (15.3)	0.925 (1.1)	4.89 (5.77)	2.175	March 8	2.175	3.625	3.625
Hi-Tec Sports _____ 5 mths to Oct 31	48.7 (57.3)	0.61 (5.57)	0.27 (14.29)	nil	-	1.5	-	1.64
Investment Trusts	NAV (p)	Attributable Shareholdings (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total last year
ECW Commodities _____ Yr to Oct 31	104.5 (86.5)	- (-)	8 (-)	-	-	-	-	-

Figures in brackets are prior year figures. Dividends shown net of basic rate of income tax. Dividends shown net of basic rate of income tax for corporation tax period. After exceptional charge after 15 months. Dividends are payable in cash. Dividends are

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Gold price hovers near \$400

The London gold market was in no mood yesterday to withdraw from its siege of resistance at \$400 a troy ounce yesterday, despite suffering an early repulse.

Bigger speculators forced a breach on Wednesday, when the price touched \$402 an ounce, but was quickly driven back by profit-taking and producers' selling. Attempts to consolidate just short of the resistance level appeared in danger of collapsing yesterday when the price suddenly plunged to \$396, but the speculators were swiftly back into the fray and the London Bullion Market closed at \$399.20, up \$3.10 on the week.

With speculative action not being backed by physical demand for the precious metal some analysts have been sceptical about this week's move. One such was Andy Smith of the Union Bank of Switzerland. He expects a move above \$400 would result in a boost as speculators rushed to cover in the money options were misplaced, he said in a market commentary. "The feeling that gold still has one foot in the grave is hard to shake."

The last time gold topped \$400 an ounce was when Sir James Goldsmith and Sir George Soros mounted a concerted and well publicised speculative operation in 1983. But at that time, Mr Smith noted, physical demand had been buoyant.

The oil market's performance this week was in sharp contrast to gold. As profit-taking revealed little underlying support, traders appeared to draw the conclusion that recent strong gains had been overdone. The downturn continued until a fall of 31 cents yesterday left the prompt February crude position on London's International Petroleum Exchange down \$1.47 on the week at \$17.58 a barrel in late trading.

The momentum behind the fall was underlined by the fact that IPE crude turnover on Thursday set a record of 95,659 contracts, 21 per cent above the previous high, which was set in November 1993.

At the London Metal Exchange there were signs of an exchange of roles between copper and aluminium as the former's supply tightness appeared to ease and the latter's to deepen.

Cash copper's premium for "backwards" over the three months delivery position was 1.771.

— a reflection of short nearby supplies — narrowed from \$157 a tonne at the end of last week to \$82. Traders suggested that this, together with a continued uptrend in LME warehouse stocks of the metal, was an indication that the copper market had moved into physical surplus, a diagnosis that was supported by the three months position's \$48 fall on the week to \$2,507.50 a tonne.

Meanwhile, active trading in the aluminium market saw its cash/three months spread reverse from a narrow deficit of "contango" to a backwardation of \$11/4 a tonne.

Traders told the Reuters news agency that the tightness behind this was centred on the end-January/early-February period, as was reflected in a \$22/7 January/February backwardation.

The London Commodity Exchange's robust coffee contract put in a further performance this week. Helped by concern about frost damage to coffee for the Mexican 1995-96 crop, the March position jumped to \$1.815 a tonne at one point yesterday, before retreating to \$1.760, up \$15 on the day and \$36 on the week.

Traders said the rally, which had been driven by covering against short positions, was capped by producer selling.

Richard Mooney

BASE METALS

LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

ALUMINIUM, 99.7 PURITY (5 per tonne)

Cash 1615-7 1009-9

Previous 1622-4 1031-2

High/Low 1626/1623 1036/1033

AM Official 1629-3.5 1022-5.5

Kerb close 1629-10 1022-10

Open int. 230,787

Total daily turnover 58,685

ALUMINIUM ALLOY (5 per tonne)

Cash 1400-10 1445-50

Previous 1420-30 1460-80

High/Low 1415 1455/1450

AM Official 1415-7 1450-5

Kerb close 1415-7 1450-5

Open int. 5,000

Total daily turnover 535

LEAD (5 per tonne)

Cash 892-3 895-6

Previous 889-8 891-1.5

High/Low 892/893 892/893

AM Official 892-2.5 894-5

Kerb close 892-2.5 894-5

Open int. 32,045

Total daily turnover 7,970

NICKEL (5 per tonne)

Cash 7980-80 7970-80

Previous 7970-80 7770-80

High/Low 7970/7970 7770/7970

AM Official 7970-80 7770-80

Kerb close 7970-80 7770-80

Open int. 40,317

Total daily turnover 1,771

TIN (5 per tonne)

Cash 6290-70 6290-5

Previous 6350-80 6308-70

High/Low 6310/6290 6310/6290

AM Official 6310-20 6300-10

Kerb close 6310-20 6300-10

Open int. 15,072

Total daily turnover 1,771

ZINC, special high grade (5 per tonne)

Cash 1010-5.11.5 1033-5

Previous 1020-1 1043-3

High/Low 1019 1019/1025

AM Official 1018-9.0 1040-1

Kerb close 1018-9.0 1040-1

Open int. 75,236

Total daily turnover 16,074

COPPER, grade A (5 per tonne)

Cash 2567-75 2507-8

Previous 2567-75 2507-8

High/Low 2567/2567 2507/2507

AM Official 2567-75 2507-8

Kerb close 2567-75 2507-8

Open int. 170,107

Total daily turnover 63,442

LME AM Official 5.5 rate 1.5416

LME Closing 5.5 rate 1.5392

Spot 1.5490 3 mths 1.5499 6 mths 1.5494 9 mths 1.5388

HIGH GRADE COPPER (COMEX)

Cash 11430-40 11430-40

Previous 11430-40 11430-40

High/Low 11430-40 11430-40

AM Official 11430-40 11430-40

Kerb close 11430-40 11430-40

Open int. 11,276

Total 11,276

Low 11270-20 11270-20

High 11430-40 11430-40

AM Official 11430-40 11430-40

Kerb close 11430-40 11430-40

Open int. 4,987

Total 4,987

Low 11270-20 11270-20

High 11430-40 11430-40

AM Official 11430-40 11430-40

Kerb close 11430-40 11430-40

Open int. 4,987

Total 4,987

Low 11270-20 11270-20

High 11430-40 11430-40

AM Official 11430-40 11430-40

Kerb close 11430-40 11430-40

Open int. 4,987

Total 4,987

Low 11270-20 11270-20

High 11430-40 11430-40

AM Official 11430-40 11430-40

Kerb close 11430-40 11430-40

Open int. 4,987

Total 4,987

Low 11270-20 11270-20

High 11430-40 11430-40

AM Official 11430-40 11430-40

Kerb close 11430-40 11430-40

Open int. 4,987

Total 4,987

Low 11270-20 11270-20

High 11430-40 11430-40

AM Official 11430-40 11430-40

Kerb close 11430-40 11430-40

Open int. 4,987

Total 4,987

Low 11270-20 11270-20

High 11430-40 11430-40

AM Official 11430-40 11430-40

Kerb close 11430-40 11430-40

Open int. 4,987

Precious Metals continued

GOLD COMEX (100 Troy oz. Silver eq.)

Sett. price change High Low Vol. Open

Jan 398.2 -2.8 - - - 4

Feb 398.2 -2.8 - - - 4

Mar 398.2 -2.8 - - - 4

Apr 398.2 -2.8 - - - 4

May 398.2 -2.8 - - - 4

Jun 398.2 -2.8 - - - 4

Jul 398.2 -2.8 - - - 4

Aug 398.2 -2.8 - - - 4

Sep 398.2 -2.8 - - - 4

Oct 398.2 -2.8 - - - 4

Nov 398.2 -2.8 - - - 4

Dec 398.2 -2.8 - - - 4

Jan 398.2 -2.8 - - - 4

Feb 398.2 -2.8 - - - 4

Mar 398.2 -2.8 - - - 4

Apr 398.2 -2.8 - - - 4

May 398.2 -2.8 - - - 4

Jun 398.2 -2.8 - - - 4

Jul 398.2 -2.8 - - - 4

Aug 398.2 -2.8 - - - 4

Sep 398.2 -2.8 - - - 4

Oct 398.2 -2.8 - - - 4

Nov 398.2 -2.8 - - - 4

Dec 398.2 -2.8 - - - 4

Jan 398.2 -2.8 - - - 4

Feb 398.2 -2.8 - - - 4

Mar 398.2 -2.8 - - - 4

Apr 398.2 -2.8 - - - 4

May 398.2 -2.8 - - - 4

Jun 398.2 -2.8 - - - 4

Jul 398.2 -2.8 - - - 4

Aug 398.2 -2.8 - - - 4

Sep 398.2 -2.8 - - - 4

Oct 398.2 -2.8 - - - 4

Nov 398.2 -2.8 - - - 4

Dec 398.2 -2.8 - - - 4

Jan 398.2 -2.8 - - - 4

Feb 398.2 -2.8 - - - 4

Mar 398.2 -2.8 - - - 4

Apr 398.2 -2.8 - - - 4

May 398.2 -2.8 - - - 4

Jun 398.2 -2.8 - - - 4

Jul 398.2 -2.8 - - - 4

Aug 398.2 -2.8 - - - 4

Sep 398.2 -2.8 - - - 4

Oct 398.2 -2.8 - - - 4

Nov 398.2 -2.8 - - - 4

Dec 398.2 -2.8 - - - 4

Jan 398.2 -2.8 - - - 4

Feb 398.2 -2.8 - - - 4

Mar 398.2 -2.8 - - - 4

Apr 398.2 -2.8 - - - 4

May 398.2 -2.8 - - - 4

Jun 398.2 -2.8 - - - 4

Jul 398.2 -2.8 - - - 4

Aug 398.2 -2.8 - - - 4

Sep 398.2 -2.8 - - - 4

Oct 398.2 -2.8 - - - 4

Nov 398.2 -2.8 - - - 4

Dec 398.2 -2.8 - - - 4

Jan 398.2 -2.8 - - - 4

Feb 398.2 -2.8 - - - 4

Mar 398.2 -2.8 - - - 4

Apr 398.2 -2.8 - - - 4

May 398.2 -2.8 - - - 4

Jun 398.2 -2.8 - - - 4

Jul 398.2 -2.8 - - - 4

Aug 398.2 -2.8 - - - 4

Sep 398.2 -2.8 - - - 4

Oct 398.2 -2.8 - - - 4

Nov 398.2 -2.8 - - - 4

Dec 398.2 -2.8 - - - 4

Jan 398.2 -2.8 - - - 4

Feb 398.2 -2.8 - - - 4

Mar 398.2 -2.8 - - - 4

Apr 398.2 -2.8 - - - 4

May 398.2 -2.8 - - - 4

Jun 398.2 -2.8 - - - 4

Jul 398.2 -2.8 - - - 4

Aug 398.2 -2.8 - - - 4

Sep 398.2 -2.8 - - - 4

Oct 398.2 -2.8 - - - 4

Nov 398.2 -2.8 - - - 4

Dec 398.2 -2.8 - - - 4

Jan 398.2 -2.8 - - - 4

Feb 398.2 -2.8 - - - 4

Mar 398.2 -2.8 - - - 4

Apr 398.2 -2.8 - - - 4

May 398.2 -2.8 - - - 4

Jun 398.2 -2.8 - - - 4

Jul 398.2 -2.8 - - - 4

Aug 398.2 -2.8 - - - 4

Sep 398.2 -2.8 - - - 4

Oct 398.2 -2.8 - - - 4

Nov 398.2 -2.8 - - - 4

Dec 398.2 -2.8 - - - 4

Jan 398.2 -2.8 - - - 4

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday January 13 1996

Batting for Tony Blair

A sense of imminent demise hangs heavily over Mr John Major's government, and Baroness Thatcher's abrasive criticisms this week did nothing to dispel that impression. In happier times more Tories might have scoffed at her assault on the government's record in spending and taxation, given that she herself left office without achieving a substantial reduction in the role of public spending. Instead, a large number were shocked at her readiness to speed her own party's decline. If opposition leader Mr Tony Blair has any worries this weekend, they must largely be over his party's readiness for office.

Markets are said to detest uncertainty, and nothing could be a more uncertain prospect than a government that faces two by-elections which could leave it with a majority of one. Yet equities and gilts have seemed surprisingly untroubled over the Tories' plight. Perhaps that is a compliment to Mr Blair's efforts at reassurance. A more hard-headed assessment would be that the uncertainty – or "directionless failure", in Lady Thatcher's words – has been there for so long that investors can think of no new reasons for panic.

The conventional wisdom about Labour governments and markets is that Labour is bad for gilts and sterling, but sometimes good for equities. Mr Blair has done his best to subvert the logic behind that supposition. So far he has offered few hostages to fortune over public spending. In Tokyo last week he told Japanese business leaders that macro-economic policy must be kept "tight, disciplined and geared to stability". And his deal with British Telecom to wire up the nation's schools, hospitals and libraries suggests a man with a somewhat off-budget vision of the role of the state.

Deeds, not words

Yet it is not just the nature of the leadership that has changed since Labour left office in 1979. Following the abolition of exchange controls, the penalty for departures from fiscal orthodoxy is more likely to be administered by the markets than the International Monetary Fund. And markets tend to be more interested in deeds than words, whether they come from Lady Thatcher, Mr Major or Mr Blair.

For all Mr Blair's protestations, the one certainty about any future Labour government on fiscal matters is that it will come under even greater pressure over public-sector pay than the Tories. If Labour does win the next election, it will also inherit a public sector

in which pay restraint is close to the limits of tolerance. Equally ominous, much of the parliamentary Labour party has more in common with old Labour than new. Labour's decision-makers are way in front of their own troops.

On balance, the bond and currency markets may be marginally kinder to Labour than in the past on the basis that the party's head, if not its heart, appears to be in the right place. In gilts, real yields are already relatively high, thus offering a modicum of defensive strength – although it is worth remembering that a similar argument would have lost investors a great deal of money before Labour's return to power in 1974.

Potential worry

Equities, on the other hand, offer more of a conundrum. Messrs Blair and Brown are less hostile to business than their predecessors. Yet Mr Blair's emphasis on the stakeholder state is potentially worrying for investors. To the extent that the long-running equity bull market has been built on an increase in the share of profit in gross domestic product at the expense of labour, a commitment to the stakeholder concept might threaten a partial reversal of that shift. Certainly everything that Labour has said about the utilities points in that direction.

At another level, it would be very easy to increase the yield from corporation tax by raising the rate, or to raise the pension funds by cutting the rate of advance corporation tax, which would be a backdoor impost on companies. The party also worries that dividends absorb too much of corporate earnings. Any more fundamental reform of the system could result in lower payouts.

In theory that would scarcely matter, since the investment of higher retained profits today would lead to higher dividends tomorrow. In practice, actuaries focus chiefly on income, rather than capital values, when fixing pension scheme contribution rates. Unless they tailor their assumptions to economic reality, companies might be called on to make bigger contributions to their pension funds to make good the short-term loss of income.

As for hostile takeovers, they could be a casualty of Mr Blair's view of the company as a community. That would take part of the bid premium out of the equity market, while hitting the financial sector. Yet no one knows enough about the Labour leader's vision to understand what it entails. The market may be taking too much on trust. Only Mr Blair's behaviour under fire would tell them.

The FT Interview • Rudolph Giuliani

Reformer in a reluctant city

New York's mayor tells Richard Tomkins and Andrew Gowers how his tough policies have reduced crime and unemployment

For a city that never sleeps, New York this week took an almighty snooze. Stricken by one of the worst blizzards of the century, it ground almost to a halt on Monday and Tuesday, its economy paralysed. Some estimated the cost of lost output at more than \$1bn.

It was, however, only a momentary setback: in other respects, things are looking up in New York. The city's crime rate has plummeted, the hotels are overflowing with tourists and business visitors, and a long decline in private sector jobs has been reversed.

In a sign of the times, after 15 years of delays and dashed hopes, private sector companies are suddenly falling over themselves to take part in the multi-million dollar restoration of Manhattan's decrepit 42nd Street, once one of the world's best-known entertainment areas.

Mr Rudolph Giuliani, the city's first Republican mayor in a generation, can therefore be forgiven a little self-congratulation.

"The city I became mayor of was heading in the direction of spending far more money than it's spending now, losing hundreds of thousands of jobs, of not being able to attract capital investment," he said in an interview. "In fact, it was losing capital investment to other parts of the country. And it was developing a reputation for being a very dangerous city, and a city with a declining quality of life."

"Now it's only two years later and there's been a major turnaround. It's as if the ship that was headed in that direction is now headed in the direction of an improving city, which is now looked at more often for its successes than its alleged failures."

Any mayor presiding over such an upswing might reasonably expect to see a matching increase in popularity. But New Yorkers can be a curiously fickle lot. At the halfway point of his four-year term, Mr Giuliani has yet to win the city's gratitude, still less its affection. Rather, his popularity ratings are at their lowest level yet.

Part of the reason may be a personality problem. If Mr Giuliani attended charm school, he must have left with a low grade. Austere and puritanical, he fought the election with no experience as a career politician, although he had won acclaim as a public prosecutor, aggressively tackling Wall Street insider traders and the Mafia. He narrowly defeated the black Democratic incumbent, Mr David Dinkins, on a tough anti-crime ticket.

Since then he has won grudging respect for his successes in reducing crime and cleaning up the streets. But his attack on welfare benefits and public services – part of his budget-slashing efforts to resolve the city's perpetual financial crisis – have seen him demonised as an enemy of the needy. He



has earned a reputation for self-righteousness and intolerance through almost ceaseless confrontations with public officials and others who decline to bend to his will.

If Mr Giuliani has any regrets, however, he is keeping them to himself. Speaking in his office in City Hall, he leaves little doubt that he wants to be remembered as one of New York's great reforming mayors. Significantly – some might say presumptuously – the desk he uses once belonged to Fiorello La Guardia, the Republican mayor of the 1930s and 1940s who is seen as the builder of modern New York.

Relishing his success in beating down crime, Mr Giuliani describes how New York has become a more attractive city since he took office. "There are now 130 to 140 cities that have higher per capita crime rates than New York city. We are the safest large city in America."

And his campaign to improve New Yorkers' quality of life is paying off, he says. "People tell me that some of the public dangers they had to face in the past, like aggressive pan-handling and squeegee operators, seem to be reducing. And they see that the city is getting cleaner."

Mr Giuliani also takes credit for reversing the slide in the city's economy. In the four years before he became mayor, he says, New York city lost about 400,000 jobs. In the two years since, it has gained a net 80,000-70,000 – a slow start, but a positive one. "We retained more business the first year I was in

office than in all the four years before that. And now we are starting to attract business, something the city hasn't done in 50 years," Mr Giuliani says.

The claims are at least partly justified. Most commentators accept that the quality-of-life campaign and the crackdown on crime have made New York safer, and businesses have been further encouraged by the mayor's commitment to reducing spending and taxation.

Other actions have proved more controversial. When Mr Giuliani came to office, New York city was big government epitomised: a heavily taxed, municipal welfare state supporting a vast array of public services. Since then, Mr Giuliani has axed 17,000 municipal jobs, about 8 per cent of the total. Many of those jobs are now filled by the unemployed, for Mr Giuliani has ordered that able-bodied single people on welfare should be required to work for their benefit cheques.

"We now have about 30,000-25,000 people working for New York city in return for welfare payments, and we will be expanding that programme," Mr Giuliani says. "They are cleaning the parks, working for the board of education, or working in the department of transportation. New York city now has the largest welfare programme in the country, and the trend of increasing welfare rolls is reversing."

Cuts in the municipal workforce have been accompanied by the start of a privatisation programme. A

city-owned television station and radio station have already been sold. Mr Giuliani has ordered the sale of three of the city's 11 acute care hospitals as a prelude to the sale of the rest.

"New York city's government was much too big, and was trying to do too much. So we are in the process of trying to take the city out of business. It should never have been in the first place so that we can do our core functions better," Mr Giuliani says.

The mayor's zeal is necessarily tempered by political reality. In a city of dyed-in-the-wool Democrats, he has to move with caution if he is to have any hope of carrying the electorate with him. His reforms so far look less than revolutionary when compared with those of more progressive mayors of US cities, such as Indianapolis. And he seems leery of pushing the city's workforce too far: in recent contract negotiations with the teachers' and municipal workers' unions he was seen as having accepted a compromise rather than risk a confrontation.

No such reticence, however, seems to apply when it comes to a stand-up public row. A memorable example came last year when Mr Giuliani took on the supposedly autonomous New York city schools board in an attempt to seize control of its spending. When the board's chancellor stood in the way, Mr

Giuliani forced him out of office. New Yorkers were appalled by the mayor's bullying tactics, and his popularity sank.

Mr Giuliani makes no apologies for the episode. The money that should have been spent on education was being soaked up by the school system's bureaucracy. "That spending is wildly out of control," he says, and he is now seeking state legislation to gain control over it – "very simply, to crush the bureaucracy of the system."

The row was hardly unusual. The sole Republican at the upper levels of the New York city government, Mr Giuliani likes to be seen as setting himself above party politics and fighting for the best interests of New York, whatever the cost. He declines to say whether he will run for re-election: most New Yorkers assume he will, but he hints that he is prepared to put the city's interests above his political future.

"I think a lot of the changes we are making, we are not going to get the credit for. We will get the credit in 10 or 20 years – and that's part of the excitement of it," he says.

"When I ran for mayor of New York city I saw this was a very difficult job, a job that may have no future. But 20 or 30 years from now, if I make the changes that I believe I can make, I will be very proud of it. That's the way I look at it: as something you can look back on when you're 70 or 75 years old, and be very proud that you moved the city in the right direction."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "fax"). e-mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Investment inevitably reflects tax advantages

From Mr Robert Turnbull, Sir, Lex ("Special dividends", January 10) is much exercised by a tax "loophole" which allows taxpayers in effect to elect for income or capital treatment. May I briefly make the following points in response?

First, a tax system which distinguishes between income and capital gains creates an environment in which taxpayers' investment decisions will, unsurprisingly, reflect that distinction.

Second, and as Lex acknowledges, any distribution paid to a shareholder is subject to advance corporation tax, which gives the shareholder a matching tax credit. But he misses a key point: that the aim of such an "imputation" system is to ensure that only one tier of tax is paid on the company's profits, at the shareholder level and reflecting the shareholder's tax position. The preference of tax-exempt shareholders for an income stream carrying a repayable tax credit again is hardly unexpected.

Finally, and as your accompanying report notes, there are anti-avoidance rules directed at particular transactions or at particular types of taxpayer, such as exempt funds, which may in specific circumstances be precluded from reclaiming the tax credit.

Robert Turnbull, KPMG, PO Box 466, 1 Puddle Dock, London EC4A 2PD, UK

Europe's carmakers should be pressing for global unification of emissions

From Mr K.E. Ludvigsen, Sir, Experts inside and outside Europe's carmakers are well aware that to improve competitiveness the vehicle companies must improve their economies of scale, a parameter on which they suffer with respect to their US and Japanese rivals.

To achieve this the carmakers are reducing numbers of platforms, to make more cars per platform, and striving to increase their absolute volume.

In the latter case, however, Europe's near-saturated markets means that car exports must be developed strongly. Successful exports in turn call for an ability to meet the most demanding world safety and exhaust emissions

standards. And in Europe should we be satisfied with less?

Yet PSA Peugeot Citroën's Jacques Calvet ("A case for quality control", January 10) argues that we have done enough in Europe to reduce car emissions and should remain indefinitely at the 1996 EU status quo – a level which by no means ensures that all Europe's carmakers will have the ability to compete in the many export markets which intend to reduce car emissions further to 2000 and beyond.

One of the arch-isolationists of Europe's motor industry, especially since PSA's complete withdrawal from the US market, Mr Calvet is recommending that Europe remain a low-tech ghetto in which the

long-term problem of car emissions, especially of smog-generating oxides of nitrogen, remains unsolved.

How much better it would be for Mr Calvet and his colleagues to be arguing for, and implementing, global unification of both test standards and (progressing at different rates) emissions levels for cars.

Or does he still see Europe's unique standards as a valuable non-tariff barrier against those annoying Pacific Rim imports?

K.E. Ludvigsen, chairman, Ludvigsen Associates, 73 Collier Street, London N1 9BE, UK

Protectionism may need to be reconsidered

From Mr Colin Hines and Mr Tim Lang

Sir, Martin Wolf is correct ("Path to full employment", January 9) that a substantial increase in poverty and inequality is the future for a more competitive US economy. His assertion that this can be overcome by an acceptable minimum income to those who would then earn low wages suffers from one fundamental flaw. The increasing job insecurity caused by the restructuring needed to compete internationally is resulting in a slowdown in consumer demand in OECD countries. This will reduce the tax revenue needed for his idea to be put into practice.

Automation is now sweeping through manufacturing and services and enhancing

management systems which hasten downsizing. The once-obtainable middle-class goal of a job for life is now a fast-fading memory.

Lowered tariff barriers and cheap labour in Asia and eastern Europe have cut jobs either through competition from imports, or through relocation. Those remaining in jobs frequently have the Damoclean sword of relocation held above their heads to ensure low expectations.

It appears inevitable therefore that demand for housing, cars, white goods, holidays and such will remain flat in all the rich countries.

New jobs that cannot be automated or replaced by foreign imports will need to be concentrated in infrastructural renewal and face-to-face caring.

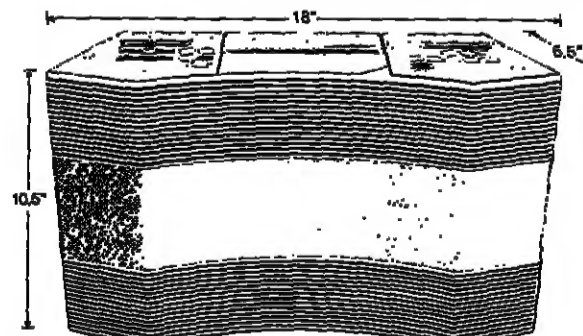
Both require substantial public money and hence taxation, as will Martin Wolf's idea of an adequate social wage to compensate those on low wages. Yet the imperative of globalisation is to reduce taxes.

Perhaps it is time that both he and Labour leader Tony Blair, instead of looking to a future of ever more debilitating international competitiveness, reconsidered the measures that enabled the original "Asian tigers" to build up their economies – some form of protectionism.

Colin Hines, Tim Lang, 11 Park House Gardens, East Twickenham, Middlesex TW1 2DF, UK

THE SOUND WILL MOVE YOU WHEREVER YOU TAKE IT.

The Bose® Acoustic Wave® music system, the only thing that's limited is its availability.



Bose introduces an easier, more convenient way to enjoy superb sound – the Acoustic Wave® music system. The result of over 12 years of intensive research, this system is small (10.5" x 18" x 6.5") and light (less than 18 lbs.), so you can take it anywhere. More important, it is a complete sound system. With three speakers, two equalizers, three amplifiers, an AM/FM stereo tuner and a CD player. All built-in for ultimate convenience. What you hear is rich, natural sound. The heart of this lifelike sound is the Acoustic Waveguide speaker technology, which has won Dr. Bose America's prestigious "Inventor of the Year" award.

As advanced as it is, this system is exceptionally simple to operate. There are no cables to connect. No dials to adjust. Just plug it in and start enjoying pure stereo sound.

Availability strictly limited. Not only is there a limited supply of the Acoustic Wave® music system, you also will not find it in any shop.

This system is only available direct from Bose. For a free information pack, simply call the free number or send in the coupon below. Or to try the system in your home for 14 days, satisfaction guaranteed, call:

0800 614 293.

When calling, please quote reference number 5009. Yes, Bose, it sounds good to me. Please send me more information about the Bose Acoustic Wave® music system and the 14-day, satisfaction-guaranteed home audition.

Name: _____ Mr/Ms/Ms.
Tel: _____
Address: _____
Postcode: _____
Please return in an envelope to: Bose, Freeport, TX 77561, Tund. column, Middlesex TW2 5UN. 240 calling necessary. Or fax to 0181 994 7401.

BOSE

Man in the News • Wataru Kubo

The dutiful fall guy

Gerard Baker on the sacrifice made by Japan's new finance minister

You'd better find someone who is prepared to die for you," came the sobering advice from one of Mr Ryutaro Hashimoto's closest colleagues last week as the new Japanese prime minister began his search for someone to fill the hot seat at the finance ministry in his new cabinet.

The warning was crisp and to the point. Within weeks the minister would have to steer through a truculent parliament one of the most contentious and unpopular measures ever dreamed up by a Japanese government. He would have the unenviable task of convincing the public and legislators of the wisdom of the government's decision, announced last month, to hand over at least ¥650bn of public money to the country's bankrupt housing loan companies.

Even more important, the minister would have to deflect popular anger about the bailout away from Mr Hashimoto. The failed companies collapsed under a pile of non-performing loans, acquired during the bubble economy of the late 1980s, the period of dizzying increases in asset prices. As finance minister between 1989 and 1991, when risky property-related lending reached its peak, Mr Hashimoto failed to restrain the housing loan companies.

The prime minister desperately needed a man at the finance ministry who would defend his lord from attack like samurai warriors of old. The job specification seemed to call for an experienced oper-

ator from the Liberal Democrats, Mr Hashimoto's own party, who would be willing to sacrifice himself for the greater good of his party.

Mr Wataru Kubo, the man eventually chosen on Thursday, hardly answers to that description. A lifelong member of the Social Democratic party (formerly known as the Socialist party), he has never held government office.

The former schoolteacher entered the upper house of the Japanese parliament 20 years ago and worked his way through the party machine, becoming secretary-general in 1983. Even when the socialists joined the coalition government in June 1994 he stayed on the sidelines.

Nor does Mr Kubo have any reason to help Mr Hashimoto. Like his comrades, the outgoing prime minister Mr Tomiichi Murayama, the 66-year-old Mr Kubo is a long-standing political adversary of the former trade minister.

The Social Democrats and the Liberal Democrats buried their political differences in a startling Faustian pact 18 months ago, when they formed a coalition government with the smaller New Heisei party. But rather than an enthusiastic partnership, their cohabitation has simply been a

result of political expediency. Neither side was anxious to face the electorate and both saw a pragmatic alliance as the only way out.

It is all the more astonishing, then, that Mr Kubo should agree to play the role of human shield for Mr Hashimoto - a decision which has provoked bewilderment among politicians and commentators.

The simple explanation is that no-one else was prepared to do the job. Mr Hashimoto tried unsuccessfully to persuade several senior LDP members to step forward. But it was too late - political suicide was not high on their list of new year resolutions, particularly since their party's prospects in the lower house elections, which are due in the next 18 months, have been improving.

So the prime minister turned to the second largest coalition member, the socialists. Someone senior had to be found and, as secretary-general of the party, Mr Kubo was the number two to Mr Murayama. Although reported to be reluctant, he was eventually persuaded to take the job. A grim-looking Mr Kubo told a puzzled nation late on Thursday: "There was simply no alternative."

What seems to have con-

victed him was the need to keep the coalition together. Opinion polls suggest the socialists would face disaster at an early general election.

Mr Kubo clearly calculated that they had no choice but to stay in the government. Keeping the party's place at the top of the cabinet table meant he had to accept the poisoned chalice of the finance ministry.

Now that a reluctant Mr Kubo holds the fate of the government in his hands, observers are keen to find out how he will handle it.

As he got down to work yesterday he was anxious to demonstrate a grasp of the task ahead of him. He said he was well prepared for the job, skilfully deflecting questions on the range of his responsibilities.

He spoke enthusiastically about his longer term aims for the government - the boringly safe subjects of tax reform and changes to the running of the finance ministry. But he knows that his immediate priority is to secure parliamentary approval for the government's plan to bail out the housing loan companies. This promises a few weeks of almost unbearable tension, since the opposition has promised to fight the plan to a standstill if necessary. Even

government supporters are wavering.

Some observers expressed alarm at the new man's appointment. "This is not the time to be choosing someone with almost no experience of handling important administrative issues," said one banker in Tokyo. Mr Kubo also has a reputation for indecisiveness, even by Japanese standards, which is increasing nervousness about whether he can manage the job effectively.

If the government were to be defeated on the bailout, the implications for Japan's already troubled financial system could be devastating. The prospects for a resolution to the wider bad debt crisis that afflicts the Japanese banking sector would be engulfed in new uncertainty.

Mr Kubo's inexperience might prove a valuable asset in the weeks ahead, however. It means he cannot be blamed for the past mistakes of governments which created the current financial mess.

And his selection may also bring another advantage to Mr Hashimoto's government. For the last year Mr Kubo has been the leading figure in an attempt to reconstruct the Social Democrats as a non-socialist, progressive and reform-

ist party. To achieve that, he has long favoured an alignment with the opposition New Frontier party.

Mr Hashimoto may have seen this as working to his advantage, since Mr Kubo could be the only man in the coalition capable of coaxing the opposition into supporting the government's unpopular measures. Mr Ichiro Ozawa, New Frontier's newly elected leader, has been attempting to woo socialists into his party. If the opposition bloodies Mr Kubo and his colleagues, Mr Ozawa's chances of pulling this off might be diminished.

"The opposition will have much more difficulty attacking Mr Kubo than they would any other finance minister," says Mr Rei Shiratori, of the Japan Institute for Political Studies. "If they do, he will be pushed back into the arms of the LDP."

This characteristically Machiavellian manoeuvre could buy Mr Hashimoto time before he calls a general election later this year. Both the new finance minister and his prime minister will be anxious to delay the election to allow voters to forget the banking crisis and the bailout.

Meanwhile, the relationship between the two men is unlikely to be easy. But they do at least share one passion - an enthusiasm for kendo, the martial art in which the participants bash each other about the head with wooden sticks. If the political heat proves too much over the next few months, they can always relax with beer or two of their favourite pastime.



Is the future bright for Orange? This is the decision investors will have to make if Orange, the UK telecoms operator which has made mobile telephony and lifestyle synonymous, goes ahead with its flotation this year.

The likely date is March although Hutchison Whampoa, the Hong Kong-based group which holds a majority stake in the company along with British Aerospace, says the date has yet to be fixed and will depend on market sentiment.

The indications are that the flotation, which is likely to value the group at £2.2bn, will be a success. It offers a rare opportunity to invest in a fast-growing market far from maturity.

But the nerves of potential investors will not have been soothed by sharp falls in mobile telephone stocks on both sides of the Atlantic. These followed a warning this week from Motorola, the world's largest mobile telephone manufacturer, of slower sales, squeezed margins and falling prices when it reported poor fourth-quarter figures.

The unease in the sector is largely a phenomenon of the US market which remains dominated by older technology. Prices of mobile telephone handsets, in which Motorola is the market leader, are at rock bottom. The move to newer technology depending on computer codes, which will give a new boost to handset sales and network infrastructure, has yet to gather pace.

But analysts see a bright future for the UK mobile phone sector, which is estimated to grow at 17 per cent a year on average over the next five years. Orange, furthermore, has made a sparkling debut. The newest of the four groups contesting the UK market, it

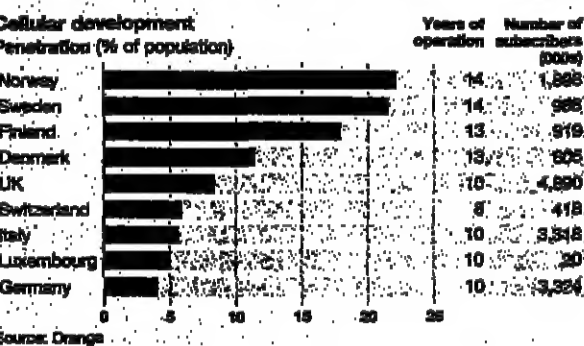
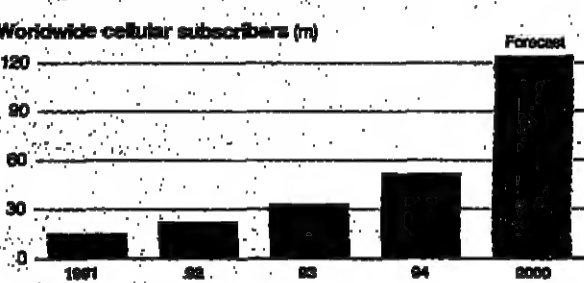
has signed up 380,000 of the 5.5m mobile telephone users in the UK since its launch in April 1994, equivalent to a 7 per cent market share. This is similar to that of Mercury One-2-One, owned by Cable and Wireless and US West, which started several months before Orange.

It is still well behind Vodafone, with 44 per cent, and Cellnet, owned by British Telecom, with 43 per cent. But both of these have been established for 11 years and their customers are largely subscribers to the older analogue networks. The Orange network is purely digital, which is seen as the industry standard of the future, offering better quality, greater capacity and lower service costs than the analogue technology.

One of the reasons for Orange's strong debut is its strategy. "Orange correctly identified that building a national network was the most effective way to compete with the established operators," says Mr James Dodd at Dresner Kleinwort Benson, the stockbroker.

The Orange network now stretches over 85 per cent of the UK, compared with 98 per cent coverage for Vodafone and Cellnet. Mercury One-2-One, which adopted a strategy of serving the greater London area and expanding from there,

An upwardly mobile market



has 40 per cent coverage. Orange has also taken advantage of being able to sell directly to its customers from the outset. Vodafone and Cellnet until recently had to make use of intermediaries - service providers - which the government insisted on to encourage competition when mobile telephony was introduced. Service providers, such as Talkland and Peoples Phone,

build a relationship, be responsive and offer a consistency of service." Orange emphasises this by offering a wine club and lifestyle magazine to subscribers in addition to telecommunications services.

Vodafone and Cellnet have already attempted to gain greater control over relations with customers by taking stakes in some service providers. They have also starting their own direct selling services.

Orange claims that its closer relationship with customers contributes to a lower "churn" - the rate at which subscribers fail to renew. Analysts estimate Orange's churn at under 30 per cent against an industry average of about 35 per cent.

But it also argues that its marketing attracts a more mature customer who is prepared to pay the higher cost of a digital telephone to gain the benefits of the network's competitive tariff systems.

Analysts say that Orange's pricing strategy is innovative. It charges customers by the second and bundles guaranteed minutes in with its tariffs. The popularity of this approach with subscribers has prompted Vodafone to introduce similar tariffs for its digital subscribers from this April.

Orange has certainly won a substantial share of the digital market. Although it is the newcomer, it has 28 per cent, com-

Louise Lucas reports on the colony's attempts to restore confidence in its housing market

Home help for Hong Kong property

The sluggish property market in Hong Kong received a double boost in the last week of 1995: the main banks cut their mortgage rates by 0.25 percentage points and the government relaxed its restriction on pre-sales of uncompleted homes.

Whether the moves will be sufficient to reverse the downward trend of home prices remains to be seen. An upturn in prices was forecast by Hong Kong developers and stockbrokers through much of last year. However Hong Kong must tackle a range of concerns - including poor sentiment and a lack of confidence ahead of the June 1997 handover of sovereignty to China - before Hong Kong home and office prices can return to the healthy levels of April 1994.

Developers, many of which felt the impact of the slowing market on their profit and loss sheets last year, have been quick to capitalise on the changes announced at the end of last year. Henderson Land, one of the colony's more aggressive property developers, put up for sale a number of flats at its new Flora Gardens development in the New Territories at a 5 per cent mark-up. Others are set to follow suit. Initial sales of these flats have been less than robust, partly because the period before Chinese New Year, which this year falls in mid-February, is usually quiet.

But there are also non-seasonal factors keeping the lid on the market. Apart from the cut in mortgage rates, which brings the

average loan down to 10 or 10.5 per cent, would-be buyers continue to suffer from the requirement to put down a 30 per cent deposit.

Hong Kong banks, encouraged by the government, will lend only 70 per cent of the price of a home in the secondary market. Buyers of new apartments can normally obtain loans for 85 or 90 per cent of the price, thanks to top-up deals put together by developers and banks.

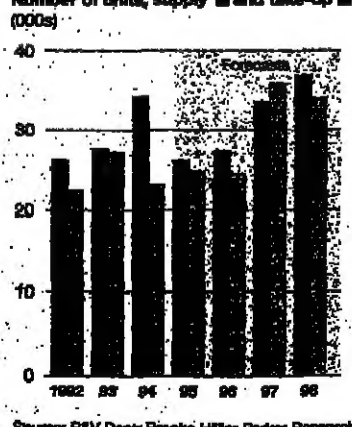
Franklin Lam, a director of research at HG Asia in Hong Kong, notes that the policy of limiting loans, which he reckons is highly unlikely to be relaxed this side of the handover, hits homeowners looking to trade up. Although they have equity in their existing flats and could afford the 30 per cent deposit, owners are unable to find buyers for their flats with the money to do the same.

Poor sentiment is also holding down prices. Last year Hong Kong's unemployment rate rose above 3 per cent for the first time in a decade. The rise conspired with a slowing economy and the looming handover date to force a change in the colony's spending habits, with many preferring to bank their income rather than put it into bricks and mortar.

The handover deals a double blow: those staying beyond June 1997 are reluctant buyers, and many residents are expected to leave. Nichols Pang, property analyst at ING Baring Securities (Hong Kong), argues that at most the annual exodus this year and next will reach the peak levels experi-

Hong Kong: hopes rise

Residential market overall annual supply



enced in the aftermath of the Tiananmen Square massacre of June 1989, an annual rate of about 65,000.

Moreover, he points to strong inflows: in 1994 the number of former emigrants returning to the colony was 24 per cent of that year's emigration figure, and Chinese immigrants are coming into Hong Kong at the official rate of 150 a day. Unofficially the level is likely to be higher, with mainland companies that have offices in Hong Kong employing staff from across the border.

Mainland immigrants will be unable to reverse the effect of emigra-

tion by briefcase-wielding Hong Kong residents. Pang says this partly explains the popularity of Kingswood Villas, a mass residential development built by Cheung Kong, the developer controlled by property tycoon Li Ka-shing. A 500 sq ft flat in this New Territories development costs about HK\$1m (US\$130,000), modest by Hong Kong standards.

If demand is stabilising, or even growing, supply is dwindling - a feature of the lean years. In late 1993 Hong Kong property developers began to look across the border for opportunities; after the domestic property market peaked in April 1994, they saw little reason to push ahead with projects in Hong Kong. As a result, supply of homes this year and next will be limited.

But even those reassured by the combination of stable demand and falling supply concede there are a number of wild cards. If China continues its credit squeeze, more companies that rushed to Hong Kong to cash in on the mainland's potential will return home or reduce their operations, cutting back on their need for both office space and luxury expatriate apartments.

Credit squeeze or not, many multinationals eager to do business in China are deciding to base themselves there rather than Hong Kong. Infrastructure in the cities of Beijing and Shanghai is improving, and companies such as Fluor Daniels, a US engineering construction contractor, and ABB, the Anglo-Swiss power giant,

are moving their regional or country headquarters from Hong Kong to Beijing.

Another fear is that when Beijing regains sovereignty of Hong Kong it will interfere with the low tax structure, which helps underpin the colony's usually thriving property market. These worries are shrugged off by optimistic analysts, who note that 39 of the 150-strong team appointed by China to oversee the transfer are business people.

Home prices, it is generally agreed, will rise 10 per cent this year - possibly higher if uncertainty in the run-up to the handover is averted - compared with a fall of 10 to 15 per cent last year.

Terry Ip, property analyst at UBS Securities in Hong Kong, believes the driving force for rising prices will be affordability: prices are about 25 per cent below their peak and interest rates seem to be on a falling trend.

Lam also points out that there is still plenty of equity in the system after the recent three-year period of strongly rising house prices, which ended in April 1994. "We are not in a situation like most property markets that went through deflation: most homeowners don't have negative equity and, also unlike other markets, Hong Kong has continued to achieve good volumes - just under 100,000 sales and purchase transactions - despite it being the lowest in five years."

New leaf turned over

Alice Rawsthorn explains the effects so far of the demise of the UK's net book agreement

Residents of the quiet Surrey town of Virginia Water will lose one of their oldest local shops this spring when The Bookshop closes after 30 years in business.

Mr Patrick Glasheen, manager of The Bookshop, said the business had suffered over the years as the locals started shopping in larger towns such as Guildford. But the final straw, he said, was a £10,000 (£15,400) fall in takings during November and December when other retailers slashed the price of best-sellers after the net book agreement collapsed.

It is now 100 days since the demise of the agreement, which had prevented retailers from selling new books below the publisher's recommended price since 1960. The Bookshop's fate seems to confirm the worst fears of the agreement's supporters, who argued that it protected independent publishers and booksellers.

Some in the book trade seem sanguine about its collapse. "There has been a lot of discounting, but it hasn't been as aggressive as some people feared," said Mr Alan Giles, managing director of Waterstone's, one of the UK's largest specialist book chains. "And although a few small bookshops have sadly disappeared, we haven't had a disaster."

However, the ending of the agreement has led to significant changes in the book market. Before, the vast majority of books were bought by retailers on a sale-or-return basis and sold to consumers at full price. Booksellers can now charge whatever they like, although in practice discounting is concentrated among big chains such as W.H. Smith, John Menzies, Waterstone's and Dillons, which buy sufficient quantities to negotiate lower prices from publishers; although some small shops are discounting after sourcing books through wholesalers.

Price cutting is focused on certain types of books, particularly adult best-sellers and popular children's titles. Mr Tim Hely Hutchinson, chief executive of the Hodder Headline publishing group, says it is discounting 200 of its 2,500 new titles and 250 of its 10,000-strong back list.

The discounting led to an "immediate surge" in sales in October, according to Bookwatch, which monitors sales in traditional booksellers. Sales then fell in November and early December, rising in the week before Christmas.

Bookwatch estimates that, despite price cutting, there has been virtually no change in the number of books sold by such booksellers since the net book agreement's collapse compared with the same period of 1994.

However, there has been a significant increase in sales through multiple retailers, such as Woolworths and the supermarkets, which are aggressively expanding into the book market. Woolworths



started selling the top 10 paperback and hardback titles at deeply discounted prices in 550 stores immediately after the agreement's collapse.

Mr George Adams, director, says Woolworths doubled its book sales last year, largely thanks to recent price cutting. He claims his company was responsible for more than 10 per cent of total sales of Barbara Taylor Bradford's best-seller *Thicker Than Water*, discounted from £4.99 to £2.99. Asda, Tesco and other supermarkets also report higher book sales.

The critical question for the traditional book trade is how these changes will affect profitability. For publishers, the answer will depend on whether sales increase sufficiently to offset lower wholesale prices and other pressures, such as the steep increase in paper prices.

Sales of discounted books have been "very positive", according to Ms Gail Rebeck, chairman of Random House, a leading UK publisher. And publishers are having some success in reducing returns from retailers. As a *quid pro quo* for giving discounts, most publishers now accept returns only after minimum sales have been achieved. With the deeper discounts given on large supermarket orders, they refuse to accept returns.

"Negotiations are tougher," admits Mr Hely Hutchinson of Hodder. "But you're dealing with such huge orders that it's very obvious when you're not going to make money and will have to walk away."

The profitability issue is more daunting for booksellers which have lost a sizeable chunk of best-seller sales to the supermarkets. This could pose a serious problem for chains such as W.H. Smith and John Menzies, which traditionally get a higher proportion of sales from best-sellers than specialist book chains such as Waterstone's and Dillons.

However, the big chains can at least fight back against the supermarkets by negotiating discounts with publishers. Independent booksellers are too small to clinch such deals and risk the continued loss of their best-seller business which, in The Bookshop's case, has proved fatal.

PROPERTY

هكذا من اللاحق

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (464) 171-1823/4378 for more details.

[illegible][illegible][illegible]

Managed Baskets	12.82	13.91	
US Financial Institutions PLC			
Performance Index, 1970-81	100.0		
1970-71	100.0		
1971-72	100.0		
1972-73	100.0		
1973-74	100.0		
1974-75	100.0		
1975-76	100.0		
1976-77	100.0		
1977-78	100.0		
1978-79	100.0		
1979-80	100.0		
1980-81	100.0		
1981-82	100.0		
1982-83	100.0		
1983-84	100.0		
1984-85	100.0		
1985-86	100.0		
1986-87	100.0		
1987-88	100.0		
1988-89	100.0		
1989-90	100.0		
1990-91	100.0		
1991-92	100.0		
1992-93	100.0		
1993-94	100.0		
1994-95	100.0		
1995-96	100.0		
1996-97	100.0		
1997-98	100.0		
1998-99	100.0		
1999-00	100.0		
2000-01	100.0		
2001-02	100.0		
2002-03	100.0		
2003-04	100.0		
2004-05	100.0		
2005-06	100.0		
2006-07	100.0		
2007-08	100.0		
2008-09	100.0		
2009-10	100.0		
2010-11	100.0		
2011-12	100.0		
2012-13	100.0		
2013-14	100.0		
2014-15	100.0		
2015-16	100.0		
2016-17	100.0		
2017-18	100.0		
2018-19	100.0		
2019-20	100.0		
2020-21	100.0		
2021-22	100.0		
2022-23	100.0		
2023-24	100.0		
2024-25	100.0		
2025-26	100.0		
2026-27	100.0		
2027-28	100.0		
2028-29	100.0		
2029-30	100.0		
2030-31	100.0		
2031-32	100.0		
2032-33	100.0		
2033-34	100.0		
2034-35	100.0		
2035-36	100.0		
2036-37	100.0		
2037-38	100.0		
2038-39	100.0		
2039-40	100.0		
2040-41	100.0		
2041-42	100.0		
2042-43	100.0		
2043-44	100.0		
2044-45	100.0		
2045-46	100.0		
2046-47	100.0		
2047-48	100.0		
2048-49	100.0		
2049-50	100.0		
2050-51	100.0		
2051-52	100.0		
2052-53	100.0		
2053-54	100.0		
2054-55	100.0		
2055-56	100.0		
2056-57	100.0		
2057-58	100.0		
2058-59	100.0		
2059-60	100.0		
2060-61	100.0		
2061-62	100.0		
2062-63	100.0		
2063-64	100.0		
2064-65	100.0		
2065-66	100.0		
2066-67	100.0		
2067-68	100.0		
2068-69	100.0		
2069-70	100.0		
2070-71	100.0		
2071-72	100.0		
2072-73	100.0		
2073-74	100.0		
2074-75	100.0		
2075-76	100.0		
2076-77	100.0		
2077-78	100.0		
2078-79	100.0		
2079-80	100.0		
2080-81	100.0		
2081-82	100.0		
2082-83	100.0		
2083-84	100.0		
2084-85	100.0		
2085-86	100.0		
2086-87	100.0		
2087-88	100.0		
2088-89	100.0		
2089-90	100.0		
2090-91	100.0		
2091-92	100.0		
2092-93	100.0		
2093-94	100.0		
2094-95	100.0		
2095-96	100.0		
2096-97	100.0		
2097-98	100.0		
2098-99	100.0		
2099-00	100.0		
2100-01	100.0		
2101-02	100.0		
2102-03	100.0		
2103-04	100.0		
2104-05	100.0		
2105-06	100.0		
2106-07	100.0		
2107-08	100.0		
2108-09	100.0		
2109-10	100.0		
2110-11	100.0		
2111-12	100.0		
2112-13	100.0		
2113-14	100.0		
2114-15	100.0		
2115-16	100.0		
2116-17	100.0		
2117-18	100.0		
2118-19	100.0		
2119-20	100.0		
2120-21	100.0		
2121-22	100.0		
2122-23	100.0		
2123-24	100.0		
2124-25	100.0		
2125-26	100.0		
2126-27	100.0		
2127-28	100.0		
2128-29	100.0		
2129-30	100.0		
2130-31	100.0		
2131-32	100.0		
2132-33	100.0		
2133-34	100.0		
2134-35	100.0		
2135-36	100.0		
2136-37	100.0		
2137-38	100.0		
2138-39	100.0		
2139-40	100.0		
2140-41	100.0		
2141-42	100.0		
2142-43	100.0		
2143-44	100.0		
2144-45	100.0		
2145-46	100.0		
2146-47	100.0		
2147-48	100.0		
2148-49	100.0		
2149-50	100.0		
2150-51	100.0		
2151-52	100.0		
2152-53	100.0		
2153-54	100.0		
2154-55	100.0		
2155-56	100.0		
2156-57	100.0		
2157-58	100.0		
2158-59	100.0		
2159-60	100.0		
2160-61	100.0		
2161-62	100.0		
2162-63	100.0		
2163-64	100.0		
2164-65	100.0		
2165-66	100.0		
2166-67	100.0		
2167-68	100.0		
2168-69	100.0		
2169-70	100.0		
2170-71	100.0		
2171-72	100.0		
2172-73	100.0		
2173-74	100.0		
2174-75	100.0		
2175-76	100.0		
2176-77	100.0		
2177-78	100.0		
2178-79	100.0		
2179-80	100.0		
2180-81	100.0		
2181-82	100.0		
2182-83	100.0		
2183-84	100.0		
2184-85	100.0		
2185-86	100.0		
2186-87	100.0		
2187-88	100.0		
2188-89	100.0		
2189-90	100.0		
2190-91	100.0		
2191-92	100.0		
2192-93	100.0		
2193-94	100.0		
2194-95	100.0		
2195-96	100.0		
2196-97	100.0		
2197-98	100.0		
2198-99	100.0		
2199-00	100.0		
2200-01	100.0		
2201-02	100.0		
2202-03	100.0		
2203-04	100.0		
2204-05	100.0		
2205-06	100.0		
2206-07	100.0		
2207-08	100.0		
2208-09	100.0		
2209-10	100.0		
2210-11	100.0		
2211-12	100.0		
2212-13	100.0		
2213-14	100.0		
2214-15	100.0		
2215-16	100.0		
2216-17	100.0		
2217-18	100.0		
2218-19	100.0		
2219-20	100.0		
2220-21	100.0		
2221-22	100.0		
2222-23	100.0		
2223-24	100.0		
2224-25	100.0		
2225-26	100.0		
2226-27	100.0		
2227-28	100.0		
2228-29	100.0		
2229-30	100.0		
2230-31	100.0		
2231-32	100.0		
2232-33	100.0		
2233-34	100.0		
2234-35	100.0		
2235-36	100.0		
2236-37	100.0		
2237-38	100.0		
2238-39	100.0		
2239-40	100.0		
2240-41	100.0		
2241-42	100.0		
2242-43	100.0		
2243-44	100.0		
2244-45	100.0		
2245-46	100.0		
2246-47	100.0		
2247-48	100.0		
2248-49	100.0		
2249-50	100.0		
2250-51	100.0		
2251-52	100.0		
2252-53	100.0		
2253-54	100.0		
2254-55	100.0		
2255-56	100.0		
2256-57	100.0		
2257-58	100.0		
2258-59	100.0		
2259-60	100.0		
2260-61	100.0		
2261-62	100.0		
2262-63	100.0		
2263-64	100.0		
2264-65	100.0		
2265-66	100.0		
2266-67	100.0		
2267-68	100.0		
2268-69	100.0		
2269-70	100.0		
2270-71	100.0		
2271-72	100.0		
2272-73	100.0		
2273-74	100.0		
2274-75	100.0		
2275-76	100.0		
2276-77	100.0		
2277-78	100.0		
2278-79	100.0		
2279-80	100.0		
2280-81	100.0		
2281-82	100.0		
2282-83	100.0		
2283-84	100.0		
2284-85	100.0		
2285-86	100.0		
2286-87	100.0		
2287-88	100.0		
2288-89	100.0		
2289-90	100.0		
2290-91	100.0		
2291-92	100.0		
2292-93	100.0		
2293-94	100.0		
2294-95	100.0		
2295-96	100.0		
2296-97	100.0		
2297-98	100.0		
2298-99	100.0		
2299-00	100.0		
2300-01	100.0		
2301-02	100.0		
2302-03	100.0		
2303-04	100.0		
2304-05	100.0		
2305-06	100.0		
2306-07	100.0		
2307-08	100.0		
2308-09	100.0		
2309-10	100.0		
2310-11	100.0		
2311-12	100.0		
2312-13	100.0		
2313-14	100.0		
2314-15	100.0		
2315-16	100.0		
2316-17	100.0		
2317-18	100.0		
2318-19	100.0		
2319-20	100.0		
2320-21	100.0		
2321-22	100.0		
2322-23	100.0		
2323-24	100.0		
2324-25	100.0		
2325-26	100.0		
2326-27	100.0		
2327-28	100.0		
2328-29	100.0		
2329-30	100.0		
2330-31	100.0		
2331-32			

[illegible][illegible]

MANAGEMENT SERVICES

Capital Plan Cheques Account	£5,000-+.....	5.90	4.43	6.03	day
United Trust Bank Ltd					
1 Great Cornhill St, London W1H 7AL	(0171-258 8004				
£10,000-90 day notice..	8.75	5.08	5.92	3-4mth	
£10,000-180 day notice..	7.50	5.83	7.64	6-18mth	

Class	Net	Gross	Net to	Western Trust High Interest Dividend	And
Western Trust High Interest Dividend				\$15,000.00	\$7,752.24
The Metropolitan, Payson R.T. 156				4.50	5.74
156000-156000				4.50	5.74
153000-154000				2.75	3.91
15000-149000				0.00	4.13
14700-146000				0.00	4.13
14400-143000				0.00	4.13
14100-14000				0.00	4.13
13800-13700				0.00	4.13
13500-13400				0.00	4.13
13200-13100				0.00	4.13
12900-12800				0.00	4.13
12600-12500				0.00	4.13
12300-12200				0.00	4.13
12000-11900				0.00	4.13
11700-11600				0.00	4.13
11400-11300				0.00	4.13
11100-11000				0.00	4.13
10800-10700				0.00	4.13
10500-10400				0.00	4.13
10200-10100				0.00	4.13
9900-9800				0.00	4.13
9600-9500				0.00	4.13
9300-9200				0.00	4.13
9000-8900				0.00	4.13
8700-8600				0.00	4.13
8400-8300				0.00	4.13
8100-8000				0.00	4.13
7800-7700				0.00	4.13
7500-7400				0.00	4.13
7200-7100				0.00	4.13
6900-6800				0.00	4.13
6600-6500				0.00	4.13
6300-6200				0.00	4.13
6000-5900				0.00	4.13
5700-5600				0.00	4.13
5400-5300				0.00	4.13
5100-5000				0.00	4.13
4800-4700				0.00	4.13
4500-4400				0.00	4.13
4200-4100				0.00	4.13
3900-3800				0.00	4.13
3600-3500				0.00	4.13
3300-3200				0.00	4.13
3000-2900				0.00	4.13
2700-2600				0.00	4.13
2400-2300				0.00	4.13
2100-2000				0.00	4.13
1800-1700				0.00	4.13
1500-1400				0.00	4.13
1200-1100				0.00	4.13
900-800				0.00	4.13
600-500				0.00	4.13
300-200				0.00	4.13
0-100				0.00	4.13

● ET Cityline Unit Trust Prices are available over the telephone. Call the ET Cityline Help Desk on (+44 171) 873 4378 for more details.

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

مكتبة من الامم

WORLD STOCK MARKETS

AMERICA

Rollercoaster ride leaves Dow lower

Wall Street

US shares looked by early afternoon as though they would end a volatile week on a downturn as bonds weakened, writes Lisa Branstetter in New York.

The Dow Jones Industrial Average climbed nearly 35 points in the first 15 minutes of trading, before falling into negative territory in the late morning as bond prices declined. By 1pm the index was off 17.35 to 5,047.75. Over the week the Dow had lost nearly 134 points, in spite of gains made on Monday and Thursday.

The Standard & Poor's 500 was 2.52 lower at 599.87 and the American Stock Exchange composite fell 2.97 at 584.13.

Volume on the NYSE came to 228m shares.

Bonds rose in early trading after the Federal Reserve Bank of Philadelphia said that its index of business activity fell to minus 19.9 in December from minus 11.1 in November. But some investors used the rise in bonds as a selling opportunity, especially at the long end.

Technology shares, which had led the market both ways during some of the week's most volatile sessions, were mostly lower. The Nasdaq composite, which is weighted toward that sector, fell 15.35 to 1,005.56 and the Pacific Stock Exchange technology index shed 1.4 per cent.

Dell Computer lost 3.7 or 12 per cent to \$28.90 on reports that an analyst at Cowen & Co

had cut his fourth quarter earnings estimate on the computer maker by 6 cents to 72 cents a share.

Several other computer companies also lost ground. Gateway 2000 slipped 1.1% at \$20.75 and IBM, which is a component of the Dow, lost 5% at \$86.75.

Kmart fell 5% or 5 per cent at \$7.45 after Standard & Poor's reduced the retailer's credit rating from BBB- to BB, which is two notches below investment grade.

The Student Loan Marketing Association, better known as Sallie Mae, jumped 4% or 6 per cent at \$88.75 after reporting stronger-than-expected fourth quarter earnings of \$1.67 per share. The earnings report prompted an analyst at Smith

Barney to raise his 1996 earnings estimate.

Canada

Toronto turned back from a firm opening to trade lower in mid-session. The TSE-300 Composite index was 16.68 lower by noon at 4,764.55, in volume of 37.5m shares.

CPCL, the broadcaster, fell 0.1% to \$14.45 and B shares of Tele-Metropole rose 0.2% to \$20.00 after a Quebec court said that CPCL could swap assets for a stake in Tele-Metropole, without having to call a shareholders' meeting.

Alberta Energy slipped 0.1% to \$22.25 as the company said that it did not know how many shares would be issued following its successful \$3.1bn takeover of Conwest Exploration.

Latin America

MEXICO CITY retreated in early trading, dragged down by weakness in Telecom. The IPC index ended at 5,570 or 1.8 per cent at 2,941.57 in volume of 8.4m shares.

Telmex A and L shares were the morning's heaviest decliners, both losing more than 2 per cent.

Dealers said the market was also affected by worries that the recent round of interest rate cuts may now have come to an end.

The situation in both SAO PAULO and BUENOS AIRES was positive by late morning. The Bovespa and Merval indices were both up 1.1 per cent, gaining 522.98 at 48,010 and 6,008 at 538.55 respectively.

Domestic growth lifts upbeat Irish equities

John Murray Brown on Dublin's foreign investors

The Irish are more upbeat about the prospects for 1996 than any of their partners in the European Union, according to a poll this week by Eurobarometer carried out on behalf of the Commission.

And nowhere is that optimism more evident than in Irish capital markets, where equities have outperformed their UK peers for the third year in a row.

Indeed Dublin was one of the best performing markets in the EU in 1995. In Europe as a whole, only Switzerland and Sweden fared better. The achievement is all the more striking when you consider that one of Ireland's biggest stocks - Jefferson Smurfit, the pulp and paper company - had a miserable year.

There will be some foreign fund managers who wonder whether they have missed the boat already. Certainly, Irish stocks no longer look quite so cheap, with the discounts they once enjoyed over their UK rivals now closing rapidly.

For example CRH, the building materials group, has outperformed its UK rivals by 300 per cent since 1987. In the past, foreign interest centred on the more international stocks, like CRH and Smurfit, which had reduced their Irish exposure. But over the past 12 months Dublin has been a play on the domestic growth story.

The economic fundamentals remain strong. Interest rates are low, inflation is around 2.5 per cent, and GNP growth is running at 6 per cent officially - and as much as 3 per cent more than that if you believe the private sector economists. Ireland is one of only three economies - the others being Germany and Luxembourg - which currently meet the convergence criteria for monetary union, according to the Commission's latest report.

The real problem for investors has been how to select a portfolio for the Irish market, which has never been an exact proxy for the Irish economy.

Much of the recent economic growth has been generated by multinationals - the foreign

owned US and other electronics and pharmaceutical companies, which account for 75 per cent of manufacturing exports, 55 per cent of manufacturing output and 45 per cent of manufacturing employment.

In the past some of the overseas interest reflected the way that UK insurance companies and others matched their Irish policy liabilities with Irish assets, although as profits flows at the leading Irish companies become more global, this practice is expected to slow down.

Structurally, Dublin remains a small market, which suffers from an overreliance on financials, pulp and paper and building materials, with a shortage of good tourism-related stocks and retail companies.

There will be some foreign fund managers who wonder whether they have missed the boat already. Certainly, Irish stocks no longer look quite so cheap, with the discounts they once enjoyed over their UK rivals now closing rapidly.

For example CRH, the building materials group, has outperformed its UK rivals by 300 per cent since 1987. In the past, foreign interest centred on the more international stocks, like CRH and Smurfit, which had reduced their Irish exposure. But over the past 12 months Dublin has been a play on the domestic growth story.

The economic fundamentals remain strong. Interest rates are low, inflation is around 2.5 per cent, and GNP growth is running at 6 per cent officially - and as much as 3 per cent more than that if you believe the private sector economists. Ireland is one of only three economies - the others being Germany and Luxembourg - which currently meet the convergence criteria for monetary union, according to the Commission's latest report.

The real problem for investors has been how to select a portfolio for the Irish market, which has never been an exact proxy for the Irish economy.

Much of the recent economic growth has been generated by multinationals - the foreign

mortgage lending is rising on the back of the buoyant housing market.

Private sector loans have also expanded sharply, underpinning the retail boom and faster car sales.

In 1993, Morgan Stanley broke the ice by including Ireland for the first time in its global country index. According to Goodbody, around 24 per cent of Irish equities are now held by overseas investors.

As the Irish economy has boomed, the smaller companies, which rely more on the Irish domestic sales, have come into their own.

Mr John Beggs, chief economist at Allied Irish Banks, says that the increased number of foreign buyers may also be looking at a play on the currency, with UK investors, in particular, hoping to benefit from a continuing appreciation of the punt against sterling.

The feel-good factor associated with the peace process in Northern Ireland has certainly been a factor. Mr Tommy Conway of Davy Stockbrokers says this is less of a factor for UK investors but, in the US, it has certainly had an impact on sentiment towards Ireland.

What is also happening is that institutions are starting to differentiate Ireland as a European market, separate from the UK.

All Irish stocks have been helped by the unusually small number of new issues in 1995, with limited calls on investors' cash, with around \$180m in new funding in 1995.

There were no significant new arrivals, either public offering or rights issues. Indeed there was one delisting as Aran Energy was taken over by Stat Oil. The only significant new funding was Smurfit's share buy back in the summer.

Interestingly, one of the best performing stocks of the entire market is Kerry, the foods group which has no discernible foreign shareholding, but is increasingly dependent on foreign earnings.

EUROPE

Big turnover as Frankfurt registers new high

A better dollar for most of the day, and hopes for lower interest rates, took FRANKFURT into new high ground, the Dax index closing 22.91 higher at an all-time high of 2,553.89, 1.7 per cent higher on the week.

Turnover rose from DM5.4bn to DM11.8bn. Cyclical extended their run, chemicals, car makers, engineering and steel all gaining ground. Siemens, the electronics group, rose DM4.50 to DM81.14 in turnover of DM1.9bn, optimistic ahead of results expected on Tuesday week.

In mixed financials, Commerzbank rose DM4.40 to DM346.80, traders saying that it was less exposed than had been feared to the threat of bankruptcy at the Hamburg real estate business of Mr Hans-Erich Dabelstein; Bayernhypo, another bank linked with the group, said that it faced only limited risk on this score, but eased another 13 pps to DM62.30.

MADRID saw an earlier than expected quarter point cut in the Bank of Spain's key money market rate, and responded with strong bank and utilities sector share prices as the general index rose 2.31 to 326.06, a fraction higher on the week. Cabinet approval for the fifth

FT-SE Actuaries Share Indices

THE EUROPEAN SP500									
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close	
FT-SE Euro Stoxx 100	1513.58	1513.15	1513.55	1515.34	1516.17	1516.07	1515.96	1514.02	
FT-SE Euro Stoxx 200	1509.05	1509.54	1509.50	1509.57	1509.79	1509.67			

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1995
MTN Japanese Car	Box	980	+	High
Wardrobe		490	+	107
Machete Highway	TV	1700	+	82
Wardrobe		25		186
Handwritten Book	Box	380		28
Handwritten Book	Box	380		136
Handwritten Book	Box	380		87
Handwritten Book	Box	380		108
Handwritten Book	Box	380		182
Handwritten Book	Box	380		119
Handwritten Book	Box	380		27

Worcester _____
MASSACHUSETTS _____

	12/31/95	12/31/94	% Chg
RESCCO Gap & Int. Co.	137	86	+58
RESCCO Gap Chn. Co.	58	37	+57
Warrant	30	38	-21
RESCCO Korea	230	140	+64
Warrant	27	70	-61
RESCCO Tokyo	285	87	+228
Warrant	65	121	-46
Int. Telecom. Trk.	103	57	+81
Int. Tel. of Ind. Tele.	37	34	+9
Warrant	37	94	-60
Investment Corp. Grp.	112	112	0
Warrant	21	26	-20
Int. Amn.	31	108	-71
United	142	148	-4
Int'l & Stone Ent. Cap. Co.	145	17	+735
Warrant	14	10	+40

Harry & Sons 1315 — 4
Warracks —
Cass & Smith —

[illegible]

[illegible]

Old Mutual SA .. 400

[illegible][illegible][illegible]

THE HISTORY OF

[illegible]

Zero Div Pt

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	1217	1218	1219	1220	1221	1222	1223	1224	1225	1226	1227	1228	1229	1230	1231	1232	1233	1234	1235	1236	1237	1238	1239	1240	1241	1242	1243	1244	1245	1246	1247	1248	1249	1250	1251	1252	1253	1254	1255	1256	1257	1258	1259	1260	1261	1262	1263	1264	1265	1266	1267	1268	1269	1270	1271	1272	1273	1274	1275	1276	1277	1278	1279	1280	1281	1282	1283	1284	1285	1286	1287	1288	1289	1290	1291	1292	1293	1294	1295	1296	1297	1298	1299	1300	1301	1302	1303	1304	1305	1306	1307	1308	1309	1310	1311	1312	1313	1314	1315	1316	1317	1318	1319	1320	1321	1322	1323	1324	1325	1326	1327	1328	1329	1330	1331	1332	1333	1334	1335	1336	1337	1338	1339	1340	1341	1342	1343	1344	1345	1346	1347	1348	1349	1350	1351	1352	1353	1354	1355	1356	1357	1358	1359	1360	1361	1362	1363	1364	1365	1366	1367	1368	1369	1370	1371	1372	1373	1374	1375	1376	1377	1378	1379	1380	1381	1382	1383	1384	1385	1386	1387	1388	1389	1390	1391	1392	1393	1394	1395	1396	1397	1398	1399	1400	1401	1402	1403	1404	1405	1406	1407	1408	1409	1410	1411	1412	1413	1414	1415	1416	1417	1418	1419	1420	1421	1422	1423	1424	1425	1426	1427	1428	1429	1430	1431	1432	1433	1434	1435	1436	1437	1438	1439	1440	1441	1442	1443	1444	1445	1446	1447	1448	1449	1450	1451	1452	1453	1454	1455	1456	1457	1458	1459	1460	1461	1462	1463	1464	1465	1466	1467	1468	1469	1470	1471	1472	1473	1474	1475	1476	1477	1478	1479	1480	1481	1482	1483	1484	1485	1486	1487	1488	1489	1490	1491	1492	1493	1494	1495	1496	1497	1498	149
---	---	---	---	---	---	---	---	---	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----

100% Income 321
 200% Income 321

NAME	ADDRESS	CITY	STATE	ZIP	PHONE	TELETYPE	TELEX	FAX
John Doe	123 Main St	New York	NY	10001	212 555 1234			
Jane Smith	456 Elm St	Los Angeles	CA	90001	213 555 5678			
Robert Brown	789 Oak St	Chicago	IL	60601	312 555 9012			
Sarah White	101 Pine St	San Francisco	CA	94101	415 555 3456			
Michael Green	202 Cedar St	Seattle	WA	98101	206 555 7890			
Linda Black	303 Birch St	Portland	OR	97201	503 555 2345			
David Gray	404 Spruce St	Denver	CO	80201	303 555 6789			
Patricia King	505 Willow St	Phoenix	AZ	85001	602 555 1011			
James Lee	606 Ash St	San Diego	CA	92101	619 555 4567			
Barbara Hall	707 Hickory St	San Jose	CA	95101	408 555 8901			
Richard Young	808 Magnolia St	San Antonio	TX	78201	214 555 2345			
Elizabeth Taylor	909 Sycamore St	Fort Worth	TX	76101	817 555 6789			
Thomas Anderson	1010 Dogwood St	Columbus	GA	31901	404 555 1011			
Christine Wilson	1111 Redwood St	Indianapolis	IN	46201	317 555 4567			
Gregory Scott	1212 Cypress St	San Jose	CA	95101	408 555 8901			
Michelle Adams	1313 Juniper St	San Jose	CA	95101	408 555 2345			
Kevin Baker	1414 Fir St	San Jose	CA	95101	408 555 6789			
Nancy Clark	1515 Alder St	San Jose	CA	95101	408 555 1011			
Christopher Evans	1616 Hawthorn St	San Jose	CA	95101	408 555 4567			
Stephanie Foster	1717 Locust St	San Jose	CA	95101	408 555 8901			
Jonathan Hill	1818 Beech St	San Jose	CA	95101	408 555 2345			
Karen Jones	1919 Cherry St	San Jose	CA	95101	408 555 6789			
Benjamin King	2020 Elm St	San Jose	CA	95101	408 555 1011			
Rebecca Lee	2121 Maple St	San Jose	CA	95101	408 555 4567			
Timothy Miller	2222 Oak St	San Jose	CA	95101	408 555 8901			
Angela Moore	2323 Pine St	San Jose	CA	95101	408 555 2345			
Christopher Parker	2424 Spruce St	San Jose	CA	95101	408 555 6789			
Deborah Quinn	2525 Willow St	San Jose	CA	95101	408 555 1011			
Eric Roberts	2626 Ash St	San Jose	CA	95101	408 555 4567			
Francesca Scott	2727 Birch St	San Jose	CA	95101	408 555 8901			
George Taylor	2828 Cedar St	San Jose	CA	95101	408 555 2345			
Helen White	2929 Elm St	San Jose	CA	95101	408 555 6789			
Isaac Young	3030 Fir St	San Jose	CA	95101	408 555 1011			
Julia Ziegler	3131 Hawthorn St	San Jose	CA	95101	408 555 4567			

SPLIT CAPITAL

[illegible]

هكذا عن الرجل

ANN - Cont.

AMERICA

WEST

CANADIAN

[illegible][illegible]

★ FT Free
You can obtain
any company
code F12758.
Including we
Reports will be
to satisfy.
Both Annual R
available from

★ FT Comp
Comprehensive
this company.
last year, last
investment rec
and price in
and profit an
Exchange ann
To order, call
Reports publi

FT Cityline
Up-to-the-seco
telephone for
Monday's sh
An Internatio
outside the U
Call 0171 873
Cityline.
For readers pl
+44 in place o

Invest in Capital Ltd., a member firm of the London Stock Exchange and regulated by FCA

- on Monday.
- Market capitalization quoted.
- Earnings are in cents.
- Prime brokerage rates, where possible, are.
- Yields are based on a 30 year cost of funds.
- Estimated Net Assets per share, at (Pn-) to the current changes at per share dollar amounts.
- ☐ indicates the
 - Where transacted
 - Block Exchange
 - Stocks through
 - High and low
 - Interests plus
 - Interests less
 - Figures or ratio
 - Rule 2.1(a)(6)
 - Free acquisition
 - USMC; not listed
 - State degree
 - Rule 2.1(a)(6)
 - Price at time of
 - Indicated dividend
 - Major bid or
 - Forecast dividend
 - Interests minus
 - Unregistered
- Yield based on assumed dividend

[illegible]

For readers phoning from outside UK, please dial +44 in place of the first 0.

مَكْنَزُ مِنَ الْأَمْوَالِ

Weekend FT

Getting to the truth behind the sale of arms to Iraq is a difficult task. Max Wilkinson considers new revelations

On March 22 1990, Chris Gumbley, who had just lost his job as chief executive of Astra, the former British arms company, caught a flight to Brussels to try to obtain a special kind of insurance.

He hoped that Gerald Bull, founder of the Space Research Corporation and inventor of Iraq's "supergun", could give him information so sensitive that the British police would be forced to call off investigations into him.

An hour after their meeting, Bull was dead, shot from behind with a 7.65mm silenced pistol.

Whatever Gumbley learned did him no good. The former army corporal with a liking for Rolls-Royces was arrested two weeks later, charged with bribing a civil servant and sentenced to nine months in prison.

A few days before Gumbley's arrest, Jonathan Moyle, a 28-year-old British journalist chasing a story of illegal British arms exports, was found hanging by his shirt from a clothes rail in a Santiago hotel. The thread which linked these events was the huge trade in illegal armaments from the US and the UK to Iraq during the 1980s encouraged by secret agents and tacitly accepted by at least some government officials. Attitudes reversed sharply, however, at the end of the decade when it became clear that Saddam Hussein, Iraq's dictator, was not the ally the west had hoped, and especially when the arms, which the west had so assiduously sold to Saddam, were used against British and American troops in the Gulf war.

Saddam was then trying to manufacture five of Bull's 1,000mm guns. These were to be capable of firing nuclear warheads or poison gas shells a distance of 700km. The gun barrel was being made by Sheffield Forgemasters - which was told that the tubes were for a refinery.

Gumbley knew the name of the Belgian company which was to supply the special explosive or "propellant" for this gun. He wanted Bull to confirm whether British undercover agents had helped to set up the illegal contract.

Because Bull was working for Iraq, the Israeli secret service was widely blamed for his murder. But a new book by Gerald James, former chairman of Astra, and close colleague of Gumbley, suggests quite another motive - that Bull knew too much at the time.

A year later, the former deputy prime minister of Belgium, Andre Cools, was killed by five



Markings on a box of mortar bombs, photographed in an Iraqi gun position during the Gulf war, show an illegal export to Iraq from Royal Ordnance, then owned by the UK government. Picture taken by Christian James, son of Gerald, while serving in the Gulf as a soldier

Dead men don't testify

bullets as he opened his car door. Cools had been asked by the Belgian government to investigate the sale by Société Générale de Belgique (SGB) of explosives manufacturing subsidiary, Foudrières Réunies de Belgique (FRB), to James' and Gumbley's company, Astra.

Now, FRB was the company supplying propellant for Saddam's supergun, as James and Gumbley discovered to their horror when they took control. They also found other illegal deals and that the profits they hoped for from their new subsidiary were evaporating.

They reported this to the British Ministry of Defence. James was repeatedly grilled by a secret services officer called Roger Holdness as to how much he knew about the supergun project. Then, to his

astonishment, James was told to make the first shipment of propellant.

However, someone, somewhere appears to have decided to intervene more directly. A month later, on December 5 1989, an explosion in FRB's Kaulille plant destroyed the press that was making propellant for the supergun. No one was hurt.

Sabotage? Connected with the murders? There simply is no evidence. James' claims of widespread corruption in the British arms industry, involving the secret services at all levels and officials helping companies to bend the export rules, has been sited by Lord Justice Scott for his Arms-for-Iraq report, expected in the next few weeks.

Some people dismiss James as an embittered man with a

grudge against the authorities. His book certainly shows him to be prone to conspiracy theories, absurd political ideas and over-generalisations.

But he also has an accountant's eye for detail, and, when speaking from direct experience, his evidence to the Parliamentary Trade and Industry Select Committee (which reported in March 1992) has generally proved robust.

And there were at least three murders: four, if he is right that Stephen Milligan's death in 1994 was not, as was generally believed, the result of a bizarre sexual practice. James thinks that the MP, who had worked for the Ministry of Defence, was killed after discovering too much about corruption in the arms industry.

Be that as it may, Jonathan Moyle was killed (also by

bizarre means) the day after interviewing Carlos Cardoen, the Chilean arms dealer, about the sale of 50 Bell helicopters to Iraq. Moyle thought these craft were to be fitted with Helios electronic guidance systems, exported illegally from Britain. James describes how two other Britons who were giving him sensitive information died suddenly. There is no evidence that either was murdered.

Even so, their stories are disturbing. Both relate to a period in which James was coming into increasing conflict with the arms establishment, controlled, he believed, by government agencies on both sides of the Atlantic. These shadowy forces had been especially kind to Astra at first when James and his colleagues bought a small fireworks company and

diversified into military explosives. In the early 1980s, as the Iran-Iraq war got under way, Astra was steered as if by an invisible hand.

As government business flowed in, Astra was deftly guided to acquire the US businesses which could make the goods. James says: "I couldn't understand why such a close interest was taken in us."

Later, he says he found there was a sinister price for this help; through its US subsidiaries, Astra was being used as a conduit for the illegal export of equipment, ostensibly to China but really to Iraq, with the approval of the US authorities. He became nervous, but decided to do whatever the authorities asked.

Something similar happened a year later when Astra bought BMarc, a former British subsid-

iary of Oerlikon Bührle of Switzerland. He made the purchase on the understanding from the MoD that Astra would be able to compete for British arms and ammunition orders. But after the deal, he discovered that the MoD had signed a secret agreement (EPREP) to give a five-year monopoly to

Continued on page 11

CONTENTS



Books: The graphic novel starts to get serious XIV

Perspectives: Russian film makers worry about audiences III

Sports: Australia catches Seleis IV

Travel: Andalusian fantasies VI

How to Spend it: Patrons of the arts VIII



Slidings: The racers' uphill struggle V

Sports: Skills surplus in African football IV

Food and Drink: Jamie Robinson on white burgundy IX

Arts: XI, XII
Arts Guide: XIV
Books: XIII, XIV
Bridge, Chess, Crossword: XV
Fashion: VIII
Food & Drink: IX
Gardening: V
How To Spend It: VIII
Motoring: X
Perspectives: II, III
Property: X
Science: II
Small Businesses: II
Sport: V, VI
Travel: V, VI
Weekend Investor: XVII, XVIII



Joe Rogaly

The White Tribe's sunset

Death. It is only nature's way of curbing a dominant species

Europeans are underbreeding themselves into extinction. Like other animals, humans are driven by the urge to reproduce their kind. Not all of them have their heart in it. The pale sub-species that has been predominant, and behaved so abominably, during the 19th and 20th centuries may be on its way out.

This is true of the great white tribe in all its nests and burrows, whether it has remained in its continent of origin and its offshore islands, or migrated to North America or Australia. (It is also true of some Asian tigers, but we'll come to them in a moment.) I guess you sort of knew that, but for doubters here is confirmation. Look at the data compiled by the World Bank, the latest presentation of which comes in its compact "Atlas" for 1996.

The column upon which to focus is headed "total fertility rate", the number of children each woman is expected to bear if she has her babies when the age-specific birth rate tables say she will. The magic figure is two, or thereabouts, since the parents of

each child are thus exactly replaced.

Most European countries score less than two. Italy (1.3) and Spain (1.2) are among the least fecund. Clearly the Roman Catholic women of southern Europe praise the Pope and swallow the pill. Even Ireland (2.1) is barely above replacement rate. As to northern Europe, Germany is at 1.3, France 1.7, the UK 1.8. What, you ask, about the east? Russia comes in at 1.5, Poland 1.9, Hungary 1.7.

Canada is in the same league, but the US, which scores level with Ireland, needs some explanation. Its total fertility rate includes the explosive growth of some of its ethnic minority populations. In California "Anglos" will soon be one among many minority groups; in the 21st century the same may be true of the whole US.

There are, of course, complexities. In most of the countries I have mentioned the age at which women parturite is changing. In the UK, for example, they are now more likely to become mothers in their early 30s than their early 20s. This alters everything. When

Margaret Thatcher came to power in 1979 the birth rate for the 20 to 24 age group was half again as high as for 30 to 34-year olds. Europe's population may yet be preserved by a 30-something baby boom, may it not?

We shall believe that when we see it. Women are putting off having babies because they are going out to work. Many couples prefer to spend their earnings on goods and services, which they cannot do if their cash flow is used up by newly arrived little consumers. Not all feel this way: an earlier peak in births should produce a rise in the workload of British midwives this year. I shall not allow such an inconvenience to spoil my argument. Call it a blip.

To focus on the long run totals you must allow for the death rate. This clearly varies by country. In Britain deaths are not expected to exceed births for another quarter of a century. Thus the UK population is expected to rise from its present 58m to 62m in 2027, then fall steadily. The continental expectation is more dramatic. Within the coming century, one report suggests,

there may be hardly any Italians left.

This is not due to any quirk of national character. Human reproduction appears to be determined more by economics than nationality. Total fertility rates below replacement level are to be found in Japan (1.5 births per woman), south

Clearly, Gaia, the earth-mother, moves in mysterious ways

Korea and Singapore (both a mere 1.7). Clearly, Gaia, the earth-mother, moves in mysterious ways. The penalty for becoming an over-developed mega-industrialised state may be national extinction. I have until now believed that this would be the consequence of emission of noxious fumes and the killing effect of urban stress. Simple contraception may be quite as effective.

China is trying hard to join this race to self-destruction. The World Bank records its projected births per woman at two, or just-replacement level. This has been forced on the population by a harsh anti-natal strategy, made particularly cruel by a rural tradition of female infanticide. The destruction of girls can now be "scientific" - by abortion, following sexing tests. The scenes on British television this week, showing Chinese babies left to die in orphanages, magnify the horror.

India also harbours girl-child murderers, but there the resemblance ends. It lacks the ruthless efficiency of its communist rival. Its total fertility rate is down, but only to 3.7 births per woman. In consequence, the sub-continent's population is still growing too rapidly, although not so fast as in Africa and some Middle Eastern countries.

It is the high fertility rates in these regions, plus parts of Latin America, that leads demographers to project a possible doubling of the present global population of 5.75bn by the year 2050. The total is even now growing at the rate of

100m a year.

We cannot easily comprehend the consequences of such an overrunning of our planet by poor people who want to get richer. Werner Fornos, president of the Population Institute in Washington DC, argues that the human need for resources degrades the environment. "Our forests are declining; topsoil is eroding; deserts are expanding; the planet is growing warmer; and the ozone layer... is thinning," he reminds us in a paper published between Christmas and New Year's day.

There is supposed to be a 20-year plan, led by the UN, to stabilise population growth, as set out in Cairo in September 1994. Guess how many of the 179 governments represented there are vigorously implementing the measures agreed then? Do not count on the US, where funding for the UN family planning association may be cut as part of the budget settlement between Congress and the White House. World Bank and UN programmes may help, but in reality the human animal is like any other. If a species becomes dominant, Nature destroys it.

THE No. 1 CUTLERY SALE

First for value, first for quality, first for choice. There is just one winter cutlery sale which outshines all others and where you can save 30% without setting foot in a crowded store.

44 pce set for 6
Sterling Silver £1260
Silver Plated £420
Stainless Steel £273
Single items, larger and smaller sets are also available

Freepost the coupon, phone or fax, and the No. 1 cutlery sale brochure will arrive by return. Personal shoppers may call at our London showroom or our manufactory and showroom in Sheffield.

United Cutlery
OF SHEFFIELD

Petre Street, Sheffield S4 6LL. Fax: 0114 243 7128
London showroom: 4 Grosvenor Street W1. Tube: Bond Street

PHONE 0114 243 3984

FREEPOST In: United Cutlery, FREEPOST, Sheffield, S4 7ZZ
(No Stamp Needed). Please send me full details of the No. 1 Cutlery Sale.

Title: _____ Name: _____
Address: _____
Postcode: _____

PERSPECTIVES

The Nature of Things

Skeleton – assemble thyself

Clive Cookson looks at ways in which scientists are imitating nature's building processes

Manufacturing has made progress during the 20th century mainly by machining man-made materials – metal alloys, semiconductors, plastics, composites and so on – into ever more complex structures, from silicon chips to medical implants, supercomputers to aero-engines.

The 21st century, however, is likely to see a return to nature, as materials scientists look for ways around the constraints imposed by conventional manufacturing, particularly its inability to make ultra-microscopic devices.

The catch-phrase for the future will be "self assembly" – mimicking nature's way of organising molecular mixtures into intricate structures.

Recently, scientists have taken the first steps towards reproducing some of the most exquisite patterns in the natural world: the mineral skeletons or shells of marine micro-organisms.

These beautiful creatures – radi-

arians, diatoms, coccolithophores and others – come in various shapes, but typical is a delicate filigree pattern of holes and spikes constructed in the overall conformation of a hollow sphere.

Two research groups, one at Bath University in England and the other at the University of Toronto in Canada, have reported successful experiments. Both imitated nature's approach, in which organic molecules act as a microscopic template around which the mineral structure can form.

Stephen Mann and Dominic Walsh at Bath used a rather complex chemical procedure to make hollow shells of calcium carbonate,

about one micron (thousandth of a millimetre) across. Under a microscope their intricate crystalline structure is almost indistinguishable from the shell of a marine alga called *thoracosphaera*.

Mann and Walsh crystallised their shells from an emulsion of tiny oil droplets in a supersaturated solution of calcium bicarbonate. But their procedure does not quite qualify as self-assembly, because they had to add microscopic polystyrene beads to the mixture. These provided the shells with a solid core, which they then dissolved away with a solvent.

Geoffrey Ozin and colleagues at Toronto have come closer to the

goal of self-assembly. Their aluminophosphate spheres have surface patterns – arrays of discs, pores and bowls – that are uncannily similar to those on the silica skeletons of radiolarians.

Yet Philip Ball, associate editor of *Nature*, the journal that published the Toronto scientists' first paper in November, observes that their recipe could justifiably be called "bucket chemistry". They simply heated, dried and crystallised a mixture of inorganic and organic chemicals.

How do the patterns arise? Although the mechanism remains speculative, Ozin believes the mixture assembles itself into an over-

lapping array of tiny bubbles or vesicles, on to which the aluminophosphate mineral is deposited.

By observing the formation of artificial shells and skeletons, the researchers will help biologists to understand better how their natural equivalents grow – and why they are so strong and durable. But the main reason for carrying out the research is to develop new materials for the future.

The range of practical applications is vast. In medicine, for example, it may be possible to grow apatite, the mineral of human bone, in a way that matches the strength and structure of real bone better than any of the bone substitutes

now on the market.

Alternatively the artificial shells, with their microscopic pores, could be developed into excellent "molecular sieves". They could filter extremely fine particles – even viruses or bacteria – out of water.

The first generation of Bath spheres would function better as fine sieves than their Toronto counterparts because their pores are more even in size. But both groups are still near the beginning of their investigations. They expect soon to learn how to control the size and shape of their creations.

Although the discoveries at Bath and Toronto have excited particular attention recently, many other

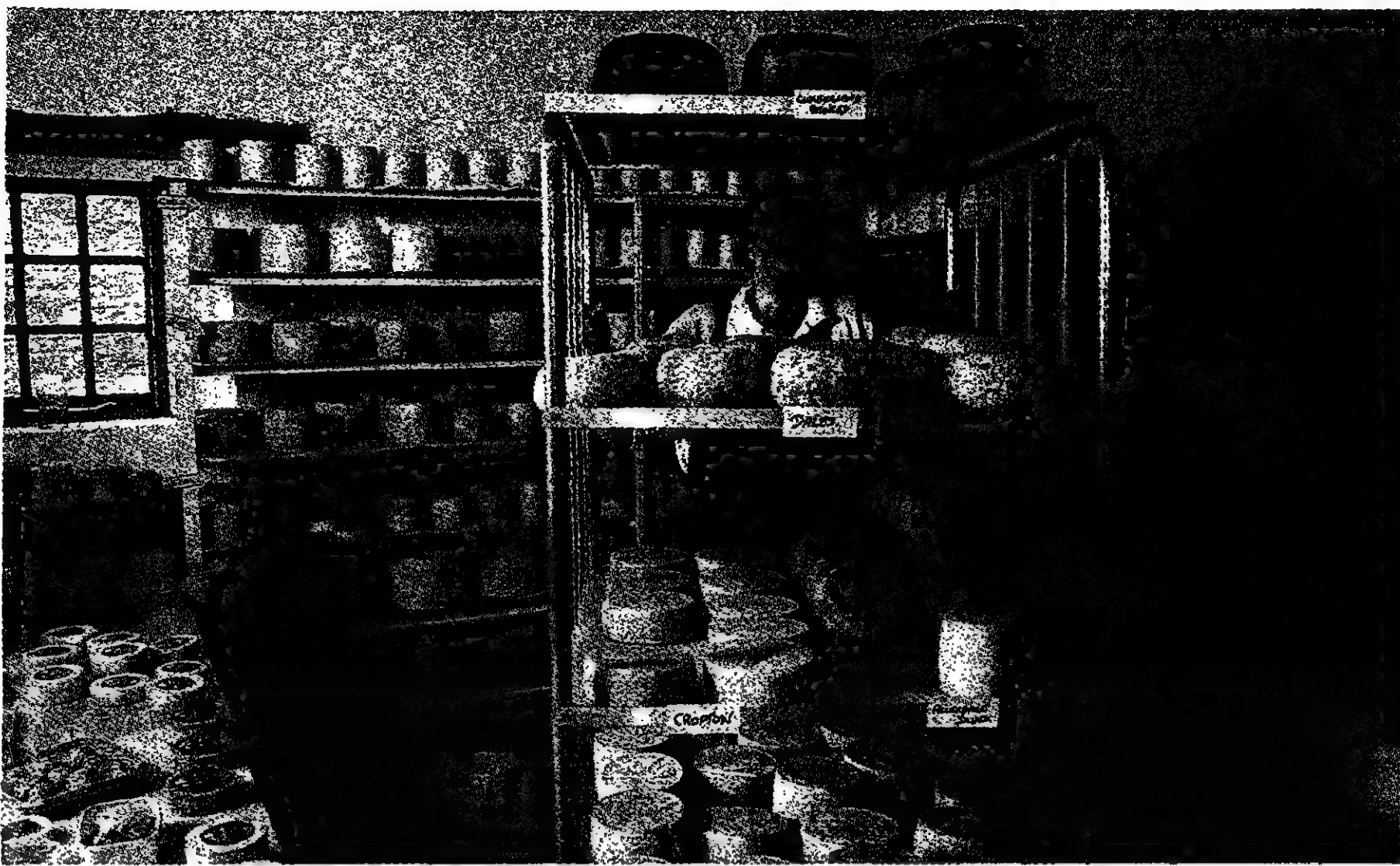
research teams are doing related work.

At one extreme are oil and chemical companies such as Mobil and Du Pont, whose scientists have pioneered the development of artificial minerals called zeolites. Their structures are riddled with tiny holes that are well suited to catalyse chemical reactions.

On the other hand, pharmaceutical researchers are keen on fatty spheres called liposomes which can carry drugs through the blood.

But potentially the most valuable applications of self-assembly are in microelectronics, where some of the techniques used to lay down nano-scale components or etch ever finer circuits are reaching their technical and financial limits.

Instead of spending hundreds of millions of pounds on equipment for exotic procedures such as molecular beam epitaxy and X-ray lithography, chip manufacturers may eventually be able to grow semiconductors cheaply from self-assembling mixtures of chemicals.



Carolyn Fairbairn: 'When the van broke down and needed £1,000 worth of repairs, Midland bank was not too happy'

She Whitbread

Minding Your Own Business / Nicholas Lander

First, get your goat

Success for Carolyn Fairbairn started with the purchase of two goats. It led to a business as a cheesemaker and, last autumn, culminated in a success at the British Cheese Awards in London.

Eccentrically, Fairbairn attributes success as a cheesemaker to her training as a photographer in London in the early 1970s.

"A successful cheesemaker, like a professional photographer, needs to understand the same two principles: time and temperature," she says.

Fairbairn, who now runs her business from a former piggy in the grounds of Crofton Hall, near Thurstby, Cumbria, has never had a business plan.

When she and her husband, who works in financial services, moved into their home, a mile away from where the cheese is made today, all they were looking for was a cheap solution to an overgrown garden.

"My husband suggested a pair of goats and, as I'm a farmer's daughter, I couldn't say no. But goats are prolific breeders and before long I had a small herd."

She began selling the milk and yoghurt produced. "In the early 1980s goats' milk was seen as slightly cranky, often as a panacea and people bought it for all kinds of ailments. I even had one customer who wanted his money back saying it had not cured his wife's varicose veins."

"But milking goats seven days a week was not a way to make a

living. I needed to put 'sheep life' on to the milk but if I was to start a business it had to be from home so that I could carry on looking after our three children."

So Fairbairn taught herself how to make cheese. "Other than a little help in the early days from people who had been to college, I am entirely self-taught. But most of cheese-making is common sense. The hardest thing for me has been to overcome my own character deficiencies."

"I am not at all methodical or obsessed with cleanliness but you have to be both as a cheesemaker. If you are not methodical your cheeses vary and your customers drop you, while cleanliness and hygiene are the bases of cheesemaking."

She began to buy in milk from a herd of Shorthorn cattle and soon had a product range that included Allerdale, a Farmhouse Cumberland and Crofton, a blend of 60 per cent cows' and 40 per cent goats' milk. Turnover rose to £80,000 a year but this meant working seven days a week, often from 6am to 10pm.

"I was selling very cheaply, at £1.60 per lb, but it is hard to put prices up around here so I had to keep making more cheese as school fees kept on rising," she said.

The business, Fairbairn admits, has always been under-capitalised and, in spite of her husband's profession, the first loan proved a disaster. "I finally took out a fixed £1,500 Rural Development Grant

when interest rates were 17.5 per cent. They fell the next day but I was left paying the interest. After the move I took out a Redundant Building Grant for £7,500 but I'm sure it has not been worth all the paperwork. I now know that if I cannot afford to buy something for the business it's not worth having."

In 1993 her parents' death left Fairbairn a lump sum to invest. "I considered stopping. The children

tiles and has been laid so that it slopes towards the drains. It's a work of art."

She and Leonie, her younger daughter, drew the plans to save on architects' fees but, because of difficulties with the local council, got off to a shaky start.

She said: "One of the main difficulties facing British cheesemakers is making enough cheese for the peak pre-Christmas season yet ensuring there is not too much stock for January and February when no one seems to eat. We have to sell enough cheese in 10 months to survive 12."

In spite of a big loss in 1994 the business is now established, employing three full-time, two part-time and two girls on Saturdays. Turnover fluctuates between £30,000-£10,000 per month, with a hot August producing a record week of £3,000 in sales.

However, cash is still tight. "When the van broke down, and needed £1,000 worth of repairs, Midland bank was not too happy," Fairbairn said. The product range has expanded to include smoked cheeses and a new range of soft goat cheeses covered in chopped walnuts or garlic and poppy seeds.

The business's biggest problem, in spite of recognition and approval, is how to increase sales to £12,000 per month.

Fairbairn says: "Firstly, it's a question of local taste. Cumbrians have a particularly sweet tooth and it's difficult to persuade customers

to have cheese instead of pudding. "If this were France, where both cheese and dessert are part of a meal, it would be less of a problem. It's the same with the hotels."

"Our cheeses are served by Sharrow Bay and Miller Howe, both well known hotels, but it's difficult to get their waiting staff to suggest cheese rather than one of their pastry chef's creations."

"We've good distribution to cheese wholesalers around Great Britain but the constant refrain is that as the number of specialist cheese retailers has shrunk so has the available counter space. The increase in the number of farm-house cheesemakers over the past decade means increasing competition for recognition."

"We have had some success with supermarkets, such as Booths in the north of England, but we're at the mercy of whoever is behind the counter and we tend to suffer because we're slightly more expensive than the bigger producers."

What Fairbairn dreams of is an increase in visitors to the dairy so that she can convert them to the pleasures of her cheeses. "One of the most exciting aspects of this profession is to hear someone say when they come in 'I don't like goats' cheese' or 'I only buy French cheeses' – and walk out with our cheeses under their arm."

Thornby Moor Dairy, Crofton Hall, Thurstby, Cumbria CA5 6QB. Tel and fax: 016873-45555. Most order prices from £4.50 per lb plus p&p.

to have cheese instead of pudding. "If this were France, where both cheese and dessert are part of a meal, it would be less of a problem. It's the same with the hotels."

"Our cheeses are served by Sharrow Bay and Miller Howe, both well known hotels, but it's difficult to get their waiting staff to suggest cheese rather than one of their pastry chef's creations."

"We've good distribution to cheese wholesalers around Great Britain but the constant refrain is that as the number of specialist cheese retailers has shrunk so has the available counter space. The increase in the number of farm-house cheesemakers over the past decade means increasing competition for recognition."

"We have had some success with supermarkets, such as Booths in the north of England, but we're at the mercy of whoever is behind the counter and we tend to suffer because we're slightly more expensive than the bigger producers."

What Fairbairn dreams of is an increase in visitors to the dairy so that she can convert them to the pleasures of her cheeses. "One of the most exciting aspects of this profession is to hear someone say when they come in 'I don't like goats' cheese' or 'I only buy French cheeses' – and walk out with our cheeses under their arm."

Thornby Moor Dairy, Crofton Hall, Thurstby, Cumbria CA5 6QB. Tel and fax: 016873-45555. Most order prices from £4.50 per lb plus p&p.

The peaks and troughs of holidays

Turnover of Yorkshire-based Drystone is climbing, reports Suzanne Askham

A walk through the English countryside seemed an obvious small business opportunity to German-born Astrid Nitzsche. So 15 months ago she set up Drystone Holidays, which offers walking tours through Yorkshire's hills and dales.

As yet, Drystone is barely profitable – turnover this year will be around £15,000. Nitzsche's business plan turned out to be wildly out when it came to targeting clients. But she believes the long-term potential is good because the market has scarcely been tapped.

"People are not used to the idea of buying a walking holiday in Britain," she explains. "So a lot of my effort has to go into establishing the concept and presenting it in a form that is attractive and reassuringly professional." Nitzsche has relevant experience. With an MA in European Studies, she worked for several holiday companies, including one which organises walking and cycling tours through France.

Before that she also spent some time at Yorkshire TV, where she costed programmes, and thus budgetary constraints.

"All the time I was working for other people, I kept thinking, 'I should be doing this for myself,'" she says. So, in 1983, she began to research the possibilities, and began trading in August 1984.

Her start-up capital was £5,000. Of this, £1,500 was an interest-free loan from the Prince's Youth Trust, and £350 from the county council. The rest came from her savings. Her biggest single start-up expense, apart from basic office equipment, was the production of a glossy colour brochure with changeable inserts, which cost £2,000.

The outdoor nature of her work means that overheads are tiny. She runs the business from her home in Settle, and has no permanent staff. She does most of the guiding herself, extra guides, who have to hold a Mountain Leader's Certificate, are hired as required. She has also subcontracted a local taxi company to handle all luggage transfers.

Nitzsche ran into trouble almost from the start. Though she had run pilot tours, and had plenty of inquiries, she had few bookings. Turnover in her first six months was just £2,000, so she had to take a part-time job during the winter.

The problem was that her adverts in walking magazines and other British publications, were not reaching the right people. When Nitzsche asked those who had inquired why they had not booked, she was told that the prices were too high.

That was when she made her biggest mistake: she reduced her prices too far, giving Drystone just 35 per cent profit margin.

For 1986, she has raised her margin to a more realistic 35 per cent. A typical price for seven days' rambling in a small group over the Yorkshire Dales, staying in inns, hotels and guesthouses, is now £475 half board.

Nitzsche has also come up with new thematic tours – such as

through James Herriot country – designed to appeal to less experienced walkers and those from overseas.

The overseas market looks likely to be crucial. In 1995, 70 per cent of her clients came from abroad; she expects a similar percentage this season.

Overseas customers present two clear advantages. First, they are more amenable to the idea of paying for an organised walking holiday in this country. Second, Nitzsche does not generally do the selling herself; she has agents who take a 10 per cent commission. Nitzsche had been keen to build export sales from the start, but she did not have the funds. She approached the British Tourist Authority, and discovered it was a wonderful source of free help.

The European development officer for the Yorkshire and Humberside Tourist Board in particular had useful contacts. These included a wholesale travel company with

Overseas clients are more amenable to the idea of paying for an organised walking holiday

5,000 travel agents in Germany, all of whom now represent Drystone.

Other clients come from the Netherlands, Australia and America. "I want to develop the American market more. There seems to be so much potential there. But unless you have an agent acting for you in the country, I think few people actually book." She plans to liaise with her local Tourist Board's American development officer in order to find suitable agents.

During 1985, another opportunity presented itself. "I had been trying to make contact with other regional companies; I thought we should be able to collaborate to expand the whole market by sharing our client databases." She received a proposition from a self-guided walking company based in Shropshire, which was owned by the local council. Nitzsche now runs that company for the council.

Nitzsche predicts a turnover of £21,000 in 1996, and continued modest growth after that. "I'm cautiously optimistic; you never know what setbacks and opportunities are going to come along despite your most detailed forecasts."

Drystone Holidays, 1A Town Head Avenue, Settle, North Yorkshire BD24 9RQ. Tel/fax: 01759-525265

Chess No.1, 1000 (1 Oct 11 Nov 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 1040 1041 1042 1043 1044 1045 1046 1047 1048 1049 1050 1051 1052 1053 1054 1055 1056 1057 1058 1059 1060 1061 1062 1063 1064 1065 1066 1067 1068 1069 1070 1071 1072 1073 1074 1075 1076 1077 1078 1079 1080 1081 1082 1083 1084 1085 1086 1087 1088 1089 1090 1091 1092 1093 1094 1095 1096 1097 1098 1099 1100 1101 1102 1103 1104 1105 1106 1107 1108 1109 1110 1111 1112 1113 1114 1115 1116 1117 1118 1119 1120 1121 1122 1123 1124 1125 1126 1127 1128 1129 1130 1131 1132 1133 1134 1135 1136 1137 1138 1139 1140 1141 1142 1143 1144 1145 1146 1147 1148 1149 1150 1151 1152 1153 1154 1155 1156 1157 1158 1159 1160 1161 1162 1163 1164 1165 1166 1167 1168 1169 1170 1171 1172 1173 1174 1175 1176 1177 1178 1179 1180 1181 1182 1183 1184 1185 1186 1187 1188 1189 1190 1191 1192 1193 1194 1195 1196 1197 1198 1199 1200 1201 1202 1203 1204 1205 1206 1207 1208 1209 1210 1211 1212 1213 1214 1215 1216 1217 1218 1219 1220 1221 1222 1223 1224 1225 1226 1227 1228 1229 1230 1231 1232 1233 1234 1235 1236 1237

PERSPECTIVES

Truth of the Matter

Tip-toe through the treetops

Whenever I watch the television news, I have to struggle against an instinct so deeply ingrained in my middle-class soul that it is possibly genetic.

This is the rising of hackles at the sight of unwashed protesters attempting to disrupt the building of a by-pass around Newbury. It takes me a moment to conquer the adrenalin-rush of prejudice. Yet only last week I spent a pleasurable day with them.

True, their hair is as crusted as the fleece of a sheep, making my fingers itch for some clippers. But there is something appealingly fantastical about the roosts they have built for themselves in the treetops.

Like the court in Shakespeare's *As You Like It*, they have escaped from ordered society into Nature. Life in this Forest of Arden has its charm.

Having lived here for months, the protesters have become at one with their surroundings. They like to wear feathers, adopt soubriquets such as Magpie and announce themselves by hooting like owls.

Not all of them, though, are steeped in rural lore. Steve, my guide for the day, waxed lyrical about the nightjars - then admitted he did not know what one looked like.

Brought up in Wokingham, Berkshire, Steve was up in his tree house throughout all the harsh weather. Now, the problem is mud.

They scurry into their tree houses at the first sign of tension, seeming as gentle as squirrels

There is mud everywhere. Spring cleaning a tree house can be no joke. But of course no one bothers. Structures on the ground are called benders, presumably because their frames are made of bent twigs. They could be mistaken for large compost heaps.

Peering into a communal bender revealed an interior so fecid it could have vomited spontaneously. The base of foul mattresses was scattered with dishes encrusted with food. But they can be cosy, these habitations. The object of Steve's trip into Newbury had been to collect an old old drum, which could be converted into a wood-burning stove. Nearly all the tree houses and benders now have them.

Beside the Lambourn, a sparkling brook, it is difficult to think the protesters are not playing at *Swallows and Amazons*. This cooie is as idyllic a place as you could imagine. But it is *Swallows and Amazons* with a twist. They do not take their water from the gin-clear stream because they are worried about its containing sheep dip. Instead, they trudge for miles, carrying jerry cans, to a farmhouse. We spy a large trout scudding between the shadows, but it does not convince them that the water is pure. They prefer to nurture a hatred of "them" - the environmental enemy.

The protesters live by their myths. Many are pagans. They are not much interested in other people's views.

Unlike the animal rights lobby, however, they have no financial resources. Nor are they thugs. Scurrying into their tree houses at the first sign of tension, they seem as gentle as the squirrels whose habitat they share.

At Pixie Camp (yes, that is what they call it), a pretty girl offered me a cup of tea, just as her mother might have done if the vicar had called. The tea never appeared, but I appreciated the offer. We passed another girl on the way to Kennet Camps swinging a hamster cage. It was empty, the occupant - a rat - being up her sleeve.

Close to the protesters may not seem so frightening, but they are determined. Those tree houses are a long way up, and the strands of rope that link them none too secure. Heaven knows what their tunnels are like.

These days, the cause of the countryside forms strange alliances. While I was attempting, unsuccessfully, to clamber into a treehouse, the Vine and Craven Hunt could be heard crossing a meadow next to the wood. One day, society will have to rethink its attitude towards the motor car. The protesters do not have all the answers, but I have half a mind to join them myself. If only someone would do the washing up.

Clive Aslet

Clive Aslet is editor of *Country Life*

A Trace of Red Lipstick: the western movie showing at this Moscow film theatre

But how will it play in Podolsk?

Russian film makers now have to worry about entertaining an audience - and they don't know how. Lori Cidylo reports

In the west, films have always been a form of entertainment. In Russia, they satisfied a thirst for truth.

During the first flush of glasnost, going to the cinema was like curling up in bed with a forbidden novel. A few stolen hours offered a glimpse of truth in a world of lies.

For decades, the hideous secrets of the past were kept under lock and key inside the Kremlin. Access to the truth was a privilege bestowed on a small group of ageing party officials, along with luxurious dachas, travel abroad, good medical care and special shops that sold better quality imported food.

When the gates were suddenly opened, film-makers played the role they had always dreamed of playing: that of political truth-teller and moral authority. Once hailed as silent heroes for cleverly inserting notes of irony cloaked in socialist realist rhetoric into their films, they could now delight audiences with abandon.

People went to the cinema almost as though they were going to a temple in search of sacred truths. If there were no empty seats, film buffs sat on each other's laps rather than miss a showing.

Afterwards, they braved the snow and headed home, where they would drink tea and discuss all the great questions that the movie had answered and, more importantly, those that it had raised.

"I remember those times fondly," says Karen Shakhnazarov, one of

Russia's top directors, hailed as a leading taboo-smasher under Gorbachev. "The state gave you all the money you wanted and there was no censorship. It was paradise for an artist. I knew that that kind miracle could not last long."

The fervour and romance of the past are gone. Russian cinema, now on its way to becoming fully commercial, is in turmoil. So great is the disarray that sometimes even actors do not know when, or where, the movies they are starring in are playing.

Svetlana Grigoreva, a theatre actress who won her first movie role in *Don't Shoot the Passenger*, nearly missed her own cinematic debut. An American friend who found out, by chance, that it was playing at the Moscow Theatre, called Grigoreva to ask her if she would care to accompany him to a showing that evening. "But tell me," she said excitedly, "How did you manage to find out where it was playing?"

Once it was possible to buy a newspaper which contained all the film listings. Now, short of calling every cinema in town, it is virtually impossible to find out what is playing, let alone where or when. The reason? The state no longer has the money to subsidise the newspaper.

Beneath such irksome problems lurks a deeper crisis. With the fall of the old regime, the role of the film maker in Russian society has changed, probably for ever. Like literature, cinema has lost its exalted importance.

Many cinemas have closed. Those that remain often show second-rate western films. The thirst for truth has been slaked and the public hunger has shifted to entertainment.

Many Russian directors have no idea how to please the new audience. "Today we are supposed to make movies that are entertaining, but we don't know how to do it," says Ivan Dykhovichny, whose films have won prizes at the Cannes

The Soviet regime offered a seemingly bottomless treasure-trove of taboos that had only to be exhumed

film festival.

"When things first started to open up, everyone thought, 'OK, we will begin making commercial films now, but how can we?' That is like saying that we are going to start designing clothes better than the French - when we are still naked and barefoot. You cannot have a revolution in one day."

While those who despised the regime are grateful that it collapsed, many have been surprised to discover that their chief nemesis

was their muse in disguise. The Soviet regime offered a seemingly bottomless treasure-trove of taboos that had only to be exhumed. Having plundered the past, many directors find themselves bereft.

"Communism was a powerful myth," says Shakhnazarov. "Opposing it was a kind of goal. It lit a fire deep within. What we are experiencing today is, first of all, a spiritual crisis. Any forbidden subject is no longer interesting. Today we must create art, but, for that, you need ideas and we, as it turned out, have no ideas."

"If you came to Moscow from Paris and saw a Russian movie, you would understand almost nothing about Russia as it is today," says Shakhnazarov. "Our films are always reaching into the past. They do not say anything about people's lives now. We must get back to the eternal themes, to man and his world. There is so much unhappiness in our country that we should be exploring."

Such philosophical musings are now tempered by financial pressures.

As Vladimir Motil directs the camera crew on the set of his latest film, *Carried Away by Horses*, his financial manager rushes in with a letter from the Russian company that was to pay half his operational costs.

"This is a catastrophe," Motil says, clutching the letter. "The money is being delayed indefinitely. That means that we cannot pay the actors or the rent on this studio."

"Under the Communists, my biggest headache was how to express myself in such a way that the censors would not catch on," he continues. "I felt this pressure daily. It was a kind of vice on my soul. But this system freed me from the financial worries I have now."

"Before, I didn't care how much a film cost to make or if there were delays in shooting. The Communists even forgave you if you went over budget. Now we are breaking our backs to find money so that everything does not collapse."

Money also influences what directors produce. For the first time, directors must ask themselves if a film will attract audiences.

However, those who came of age under Soviet censorship - and are accustomed to regarding themselves as the conscience of the nation - find the idea of having to make movies with popular appeal degrading. They feel unclear and cheapened by the need to bend to the will of a mass market. "Before, we had ideological prostitution and now we have commercial prostitution," says Motil.

Many subscribe to the notion that a film that pleases too large an audience must be bad. Judges at a recent film festival rejected a film that received the most enthusiastic reception from the audience.

But there is hope. Some predict that the new rough and tumble world of market realities will lead to a process of natural selection which will, ultimately, improve the quality of Russian movies.

"This is a dramatic time in our country's history," says Dykhovichny. "Those who were ready for this moment will survive. Those who do not know how to make movies will perish. It is cruel, but without this kind of system we will not move forward."

Dykhovichny, who drives around Moscow in a blue Toyota Land Cruiser, complete with cellular telephone, is clearly one of the survivors. "I have never waited for anyone to give me a handout," he says proudly. "I am a man who decides his own destiny."

Others within the movie industry are now free to command their own fate for the first time. Although fewer Russian films mean fewer roles for Russian actors, those with talent and drive are flourishing.

Previously, explains Grigoreva, the actress, there were two kinds of acting schools: those that groomed the future film stars of the Soviet Union (which required Party connections) and those with an "open" policy. The properly trained actors were then doomed to work in amateur theatres in the provinces for the rest of their lives.

"Before, the first thing a director would ask you was where you learned to act," she says. "If you mentioned a school, like the one I went to, he would not even let you audition."

"Now, I can go to any director and say, 'I am an actress and I want to try out for this part.' It is much easier to get a role because now it depends on talent."

Dispatches / William Barnes

Warlord of the Golden Triangle

The world's most dangerous man did not have a happy Christmas - a Thai visitor found the opium warlord unusually depressed a fortnight ago. Khun Sa has always been willing to show off his narcotics fiefdom, near Thailand's northern borders, for the benefit of journalists or curious westerners.

But no one could entice him from his jungle villa on Christmas eve - and now we know why: he had already decided to "surrender" to his bitter enemy, the Burmese military junta.

Surrounded by hostile Burmese army troops, and with his back to a border shut by the Thais, he must have been contemplating the end of three decades of international notoriety, power and wealth.

The "game" - of being a Shan nationalist - was up for the 62-year-old leader when hundreds of Burmese soldiers were invited into his Houtung base, 25km from the Thai border over the new year.

Khun Sa's empire is thought to have controlled up to half of the opium exports from the region where Burma, Laos, Thailand and

China meet - the Golden Triangle - the area that supplies 60 per cent of the heroin in New York.

The man who always claimed to prefer the simple life now appears set to "retire" somewhere in northern Burma. However, he and the Burmese authorities have yet to work out how to package this arrangement for the outside world.

We may not have heard the last of Khun Sa for, if the Machiavellian politics of the Golden Triangle teaches us anything, it is that the combination of brutal opportunism and fabulous narcotics profits produces unpredictable results.

Khun Sa was born and known half his life as Chan Chi-fu. He was tough, half-Chinese, half-Shan and never went to school. He lived on his wits and muscle. Predictably, in the 1960s, he became involved in opium.

The Shan countryside by then had been devastated by the marauding Chinese nationalist troops who had been pushed out of China and who quickly came to dominate the rapidly growing heroin trade.

After Burma's 1961 coup, the eccentric dictator Ne Win knocked

the heart out of the country's legitimate economy with his disastrous programme "the Burmese Way to Socialism". Then, as now, ridding the country of its thriving narcotics business was low on Rangoon's list of priorities. Chan Chi-fu's band of ruffians became part of the government militia and fought Shan nationalists in exchange for being allowed to carry on trading opium and heroin.

Chan Chi-fu became so confident that by 1967 he could announce that a massive opium caravan of "500 men and 300 mules" would not pay the Kuomintang taxes that the nationalists demanded from opium traders passing through to Thailand.

There was the inevitable bloody battle on the banks of the Mekong river. Chan Chi-fu's forces probably suffered the most; although it appears the commander of the Royal Lao Army, General Ouane Ratikone, double-crossed both sides by stealing the mule-train's precious cargo for his own refineries.

The opium super-gangster's grip may have been loosened by this setback: two years later the Burmese

threw him into jail for "flirting" with some Shan nationalists (although he had only hoped to butter up the Thais).

It says something for the man that his fighters - who fled to the jungle after his arrest - eventually released him from jail by exchange.

Khun Sa quickly attracted a notoriety that overshadowed other players

ing him for two Russian doctors they had kidnapped. Chan Chi-fu's five years in jail prompted him to change tack and transform himself into a Shan nationalist - with a Shan name, Khun Sa.

It was a role he never seemed to tire of playing at every opportunity. Khun Sa's nationalist posturing was designed to humiliate the Thai authorities, which are ethnically

close to the Shan and like having them as a buffer against Communist and Burmese forces.

The big narcotics profits that followed south into Thailand influenced many officials too. Khun Sa's new headquarters were actually inside Thailand at Ban Hin Teak - until the Thais were embarrassed by US pressure into throwing him out in 1992. By publicly speaking about his "Shan nationalism" - and frequently offering to sell his opium business to western governments - Khun Sa quickly attracted a notoriety that overshadowed other important players in the Golden Triangle. These included corrupt officials, rivals and the shadowy Chinese traffickers who move much of the heroin to the west.

When the American justice department pointed the finger at Khun Sa in 1990, following the world's largest seizure of more than 1,000kg of heroin two years earlier, Attorney General Dick Thornburgh drew an interesting comparison.

He said: "If someone were interested in disabling Chrysler Corporation they would not begin by seizing one man... they would try to go

to Lee Iacocca [the head of the US carmaker Chrysler] and remove him."

Yet, as one western diplomat in Bangkok said, Khun Sa's removal "doesn't seem to end the impetus, desire, need or greed for growing opium."

Others, like the Wa hill tribe - fierce rivals of Khun Sa who produce the most raw opium - and numerous Chinese traffickers, will certainly try to take up any slack left by Khun Sa's Mong Tai Army.

Rangoon's generals appear unperturbed that allies such as the Wa should continue to supply the world with heroin: opium production has climbed from about 30 tons in 1948 to more than 2,000 tons this year.

The Burmese junta's priority is political control, not drug eradication or justice, which is why Khun Sa will probably remain at liberty in spite of the price on his head.

Lo Hsing-han, a wily Chinese drug baron, who once rivalled Khun Sa, also ran a government militia unit and served a spell in a Burmese jail. Now he is a big investor in the two Shangri-La hotels being built in Rangoon...

SPORT

Football in Africa

The plum that is ready to be picked

John Periman on a tournament that will highlight Africa's progress

The newly-crowned World Footballer of the Year usually graces the San Siro stadium in Milan but for the next two weeks he will be giving his all on a converted rugby field in South Africa, wearing a shirt that he has paid for himself.

On Tuesday night, at the King's Park rugby stadium in Durban, George Weah, leading goalscorer at AC Milan, will switch from striker to sweeper as he tries to steer one of Africa's smallest countries through the rigours of the continent's premier sporting event. At the end of the tournament his last act will probably be to settle the hotel bills.

Weah contributed more than supreme skill as Liberia battled through the qualifying rounds to reach the finals of the African Cup of Nations for the first time. With most of the country's resources commandeered for war, Weah has footed the Liberian team's bill for playing kit, accommodation and air tickets.

Other countries could have done with a Weah. During the qualifying rounds for the 20th Cup of Nations, which begins in Johannesburg today, 11 teams were forced to withdraw because they could no longer afford to play. Kenya, which was supposed to host the finals, announced that, in spite of regular levies on ticket sales, it could not afford to get the stadiums ready.

So South Africa, which helped launch the Cup of Nations in 1997 - but could not compete because it refused to send an integrated team - stepped in as host. The competition is contested every two years and 13 countries on the continent will be taking live television pictures. It seldom attracts much interest outside of Africa. Yet virtually every league in Europe has its African stars. They play for Ajax, Anderlecht and French champions FC Nantes, for Bayern Munich, Torino and Sporting Lisbon.

There are close on 800 African footballers playing in Europe. And many, like Tony Yeboah at Leeds United and Finidi George at Ajax, have made a big impact. No one doubts, then, that Africa can produce world-class players. But what about world-class fans?

The immediate answer is yes, of course. After all, Cameroon reached the 1990 World Cup quarter finals and could have beaten England to reach the semi-finals.

But immediate answers can be misleading. Assessments of African football have often been clouded by condescension. In the past, those who patronised African football were made to pay for it - Germany beaten by Algeria at the 1982 World Cup, Portugal thrashed by Morocco in 1986, Argentina well and truly Cameroonised four years later.

With those surprise results,

the caricature has changed from "skilful but tactically naive" to "superb natural athletes who will one day win the World Cup". Just as the first never reflected the past, so the second, as a view of the present and its potentials, is sentimental.

African soccer has certainly improved. It is evident when you compare the performance of Zaire at the 1974 World Cup (beaten 9-0 by Yugoslavia) with the efforts and ability of Nigeria 20 years later - both went into the World Cup as champions of Africa. And the continent's potential is reflected in the fact that Nigeria and Ghana between them have won the World under-17 championships four times out of a possible six.

But the desperate poverty in most of Africa affects football too, even if the national team is often a favoured project of governments - some officials seem to think this entitles them to pick the team.

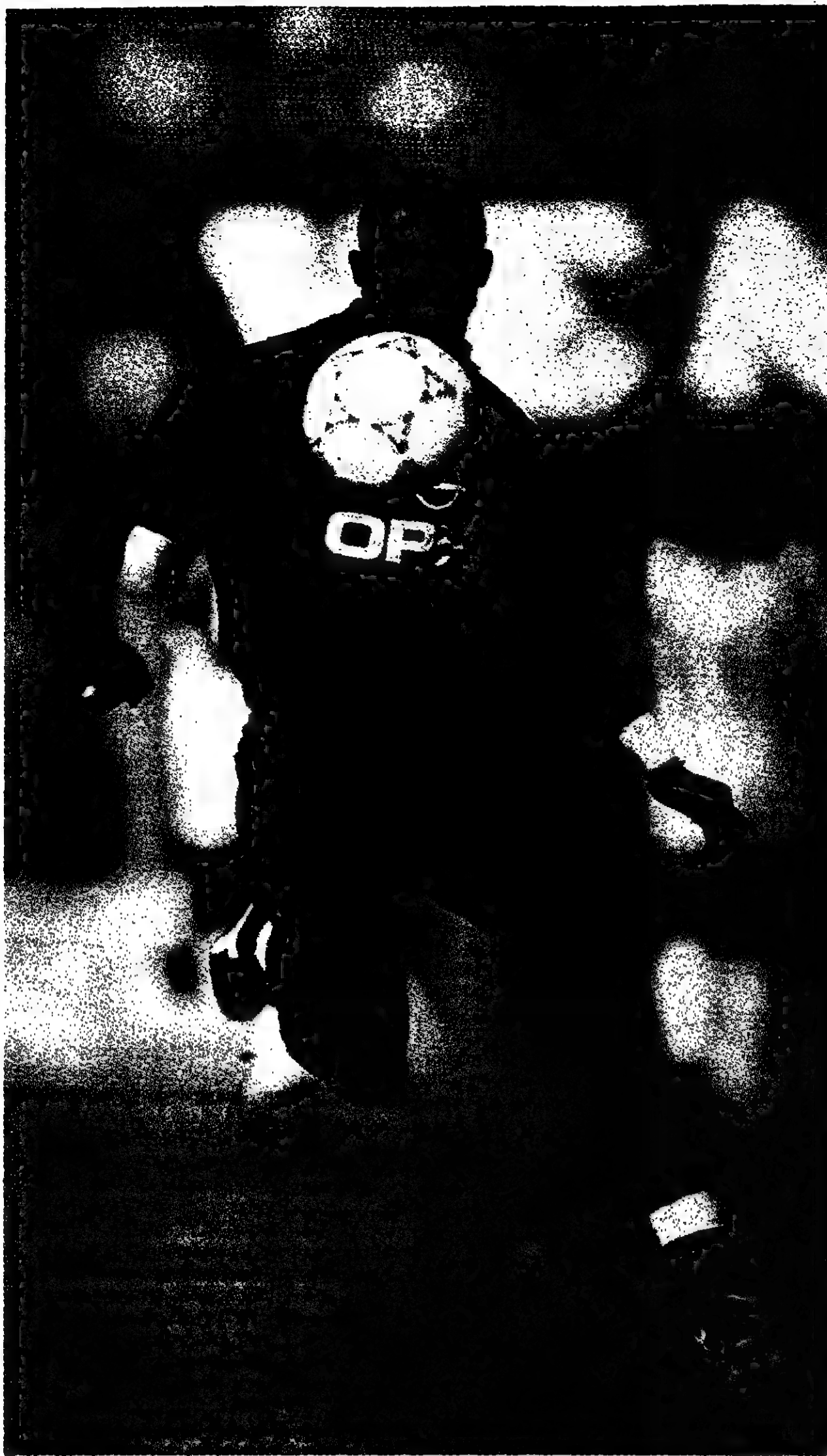
Issa Hayatou, the Cameroonian who heads the Confederation of African Football, says: "Sport on this continent is managed by our governments. And since they are all struggling under the burden of an economic crisis, soccer does not often feature among priorities. That is why you find some of the stadiums that used to be viable have now turned into potato patches."

The economics of African football have forced the continent's best to look to Europe and send an integrated team - stepped in as host. A recent survey in Maputo found that 86 per cent of football fans were more interested in the exploits of Benfica and Porto than they were in the Mozambican league.

Nevertheless, the Cup of Nations is a showcase of Africa's best, even if the withdrawal of holders Nigeria is akin to a Rugby World Cup without the All Blacks. And, while star players know that European club soccer represents their livelihood, most take the Cup of Nations very seriously. "This is very, very important for us," says Yeboah.

Ghana have won the Cup of Nations four times, more than any other team, but they have not been successful since 1982. In the absence of Nigeria the Black Stars, as Ghana are known, with players such as Yeboah, Abedi Pele of Torino and Osei Kuffour, the Bayern Munich defender, must surely be favourites.

Egypt, coached by Dutch World Cup hero Ruud Krol, Ivory Coast and Zambia might run them close. And Cameroon? The Indomitable Lions almost did not make it. They lost 2-0 in the qualifiers to Lesotho - who would be listed in a football encyclopaedia alongside Liechtenstein and Luxembourg, and not just for



George Weah, leading goalscorer at AC Milan, will try to steer one of Africa's smallest countries through its premier sporting event

A. Roberts

alphabetical reasons. They were only saved when their conquerors ran out of money and had to withdraw. Cameroon football is still riven by a pay dispute dating back to the 1984 World Cup.

There are unlikely to be big financial rows in South Africa, though, because the Cup of Nations is never a money spinner. Teams such as Zaire, Zambia and Mozambique will draw big crowds - immigrants see South Africa as the United States of Africa, and Johannesburg is its New York - but it is hard to imagine fans paying R30 (£5.30) - four times the price of a normal league match

to watch Burkina Faso play Sierra Leone. Revenue will depend heavily on how well the host country does.

South Africa does have Nelson Mandela. His ability to shape sporting history was first demonstrated during a football match against Zambia held to mark his inauguration - he met the players at half-time and South Africa scored twice within two minutes of the restart to win 2-1.

That may not be enough, though. South Africa have made strides since their return to international soccer in 1992, which saw humiliating defeats at the hands of Algeria, Zambia and Zimbabwe. They have since beaten Ghana and Egypt, but they do not have anyone in the class of Weah or Yeboah.

South Africa might win something off the pitch though. Africa looks certain to host the World Cup in the next 15 years. When that happens may hinge on the outcome of a power struggle between Joao Havelange, world soccer's president and Uefa, the European body. But both sides have promised Africa the plum - Havelange in 2006 and Uefa four years later - and South Africa's only real rival as host is Morocco. The South Africans will be keen to use the Cup of

Nations to build up a handy points lead.

As it is, Africa's growing political weight in Fifa has secured for the continent two extra places at the World Cup finals in 1998. Five teams in the finals will increase Africa's chances of fulfilling the 1993 prediction of Walter Winterbottom, former England manager, and echoed by others since, that an African team will win the World Cup before the century is out. The Cup of Nations will reveal much about whether Africa - not just the players but the officials as well - is ready to seize this opportunity.

One of the reasons for the decline in Australian world standards is the erosion of interest in the game both at participation and spectator levels. A survey has shown that apart from cricket, sports such as basketball, rollerblading and

American Football

A season with more downs than ups

With the play-offs ending this weekend, Jurek Martin says the game has much to do to redeem itself

This has been a rotten season for American football in both the professional and college games, except possibly for those who inhabit the gritty mid-west. Worse, it is hurting to an even less aesthetic conclusion now that the nation has been denied its constitutional right to watch Jerry Rice, the record-breaking receiver of the San Francisco 49ers, catch touchdown passes beyond number in the Super Bowl at the end of the month.

The National Football League year has been marked by mediocrity on the field, a plague of injuries to star players, and the galloping willingness of greedy owners to move their sides to wherever the best financial incentives beckon. Thus, Cleveland to Baltimore, Houston to Nashville, Washington to a suburban parking lot.

One owner, Jerry Jones of the Dallas Cowboys, even cocked a snook at his national brothers-in-arms by signing deals with commercial sponsors such as Nike that threatened to undermine the trade in merchandise, as well as players, that the NFL had long regulated tightly.

The game's college version, so often the lovely autumn antidote to the NFL, also stood revealed more nakedly than ever for what it has long become: a cynical meat market

for the league. The national champions, University of Nebraska, won their second consecutive title under the darkest of clouds for putting in uniform players whose off-field conduct should surely have led any self-respecting university to demand their disqualification.

A movie called *The Program*, poor even at the time of its release a few years back, did the cable television rounds during this week's blitzard. At least it had the virtue of showing how life imitates even bad art.

Three of its fictional university's star players were suspended for cheating on exams, drunken driving, and attempted rape under the influence of illegal steroids. Naturally, their penalties were lifted in time for the crucial final game of the season - which, naturally, ended in a last-second victory to the delight of the wealthy alumni who could not understand the suspensions in the first place.

Nebraska had obliterated the University of Florida in a champion-

ship game long before the last play. But the team included running back Lawrence Phillips, on legal probation for badly beating up a former girlfriend, and Jason Peter, a defensive player with a dubious record for bar-room brawling. Tom Osborne, the Nebraska coach, later advised Phillips to forget about a degree and turn professional because he had a problem with the university's "educators" - whose mild sanctions had actually gone so far as to require him to attend classes.

All this took much of the glow from what might otherwise have been the charming college football story of the year - the rise, after years of football futility, of that excellent academic institution, Northwestern University from Illinois.

Known during their record losing streak as the Fighting Methodists, they won the Big 10 championship and played in the Rose Bowl for the first time since helmets were made of leather. Again, though, Cinder-

ella did not make it to the end of the ball, although the loss to Southern California by 41-32 was valiant enough.

The Indianapolis Colts, née Baltimore, were Northwestern's professional equivalents. This team of no-

San Francisco versus Dallas in November was the season's pièce de résistance

name journeymen, under a hitherto forgettable quarterback named Jim Harbaugh, squeaked into the play-offs on the last day of the regular season.

Then, lacking the injured Marshall Faulk, a superior running back, they upset San Diego in the

first round. Last Sunday, in freezing conditions, they stunned Kansas City, which had won more games than any other team during the regular season.

The Colts ought to get their come-uppance against the solid Pittsburgh Steelers tomorrow before the Dallas Cowboys and the Green Bay Packers do battle in Texas to decide who else goes to the Super Bowl. The odds-makers favour Dallas, as they usually do a team featuring Emmitt Smith running the ball and Troy Aikman throwing it. But if the only criteria were the games each played against the San Francisco 49ers, the conclusion might be different.

Green Bay, whose fans wear hats shaped like Swiss cheese, were without holes in thumping the defending champion 49ers last weekend. The Packers did so by playing the best team of the past 15 years at their own short-passing, quick opening game.

San Francisco ought not to have

been too surprised. After all, Mike Holmgren, the Green Bay coach, spent years as a junior on the San Francisco coaching team. And in Brett Favre, the Packers' fast-improving quarterback, he has someone capable of becoming the next Joe Montana or Steve Young, who have made the 49ers tick so smoothly over recent years.

In fact, though, another San Francisco coaching graduate, Ray Rhodes, showed with the Philadelphia Eagles this year how the West Coast offense could be made to work well even with a modest quarterback willing to work within the system.

Rhodes benched Randall Cunningham, a phenomenal individual talent, in favour of the humble Rodney Peete and directed his side all the way to last weekend's play-off loss to Dallas, in which Peete was injured early.

But the San Francisco-Dallas game back in November was the season's pièce de résistance, as was

Tennis / John Barrett

Outbreak of Selesitis

Last Wednesday in Sydney I witnessed a serious outbreak of Selesitis. It is a contagious disease which is certain to afflict the 85th Australian Championships which begin in Melbourne on Monday.

The symptoms are easily recognised - mobs of screaming children, wild eyed and faces painted in a variety of colours, clamouring for the autograph of the 23-year-old joint world No.1, Monica Seles.

The scenes at the White City tennis club were quite remarkable with 12,146 fans inside the ground by mid-afternoon on the third day of play in the Peters International, which when I used to play there in pre-sponsorship amateur days was simply the New South Wales Championships.

The object of this haro worship was quick to remember her own youth. "I see myself in their eyes. When I was about seven I was thrilled when Bjorn Borg signed my autograph book on a visit to Yugoslavia for a Davis Cup match. Then, later on, Yannick Noah gave me one of his rackets. I have all these trophies in a glass cabinet at home...they will be cherished memories."

As she came into the clubhouse to meet the press, Monica passed a small athletic man with greying hair whose autograph she would surely have sought had she realised who it was.

At the age of 61, Ken Rosewall still looks ridiculously slim and fit. It is hard to believe that 41 years have passed since I sat transfixed in the front row of the giant scaffolding stands at White City as Rosewall and Lew Hoad, his tennis twin, battled for Australia against Tony Trabert and Vic Seixas of the US in the Challenge Round of the Davis Cup.

Roger Becker and I were part of the world record crowd of 27,500 tennis mad spectators whose presence was testament to the high profile that tennis enjoyed in those days.

How times have changed. No longer does one see a mass of bloodthirsty tennis courts in suburban gardens as you fly into Sydney by night; land values have risen too high to allow such luxuries. No longer are there Australians dominating the world rankings. Their top player at the end of 1996 was 19-year-old Mark Philippoussis whose rise of 278 places to No.33 in the world marked him as a man of the future.

Yet promises alone is no passport to success. The cold reality of life on the circuit was brought home to the young Australian this week when Britain's new national champion Tim Henman, who had come through the tough qualifying draw, knocked him out in straight sets.

In the next round, Henman himself was given a fine lesson on how to play in difficult conditions by Mark Woodford. In a swirling wind the South Australian left-hander showed the sort of groundstroke control and penetration on the volley that has made him and his partner Todd Woodbridge the world's No.1 doubles pair. At least in this area of the game Australia is still a dominant force.

One of the reasons for the decline in Australian world standards is the erosion of interest in the game both at participation and spectator levels. A survey has shown that apart from cricket, sports such as basketball, rollerblading and

baseball are now more popular with Australian 10 to 17-year-olds than tennis. Only 27 per cent of those questioned were regular tennis players.

This decline is being addressed in New South Wales by the launch of Advantage Receiver, a \$20 per year membership programme with a card that brings side benefits from car rental, hotel and dry cleaning discounts to inclusion in a ballot for Wimbledon tickets.

Although there may be up to 500,000 adults playing the game regularly in New South Wales, only 48,000 are registered players. State government grants are allocated between sports according to their level of registered membership - so it is important that Advantage Receiver is a success so that outdated club facilities can be modernised.

The finest boost would be for an Australian success at the Ford Australian Open. That is highly unlikely. In spite of the fact that five Australian men reached the quarter-finals in Sydney this week, none of them will be seeded in Melbourne.

Even though flu stricken Pete Sampras has been forced

Even though Pete Sampras misses a preparatory event, the world No.1 is still the favourite

to miss his preparatory special event in Melbourne this week, the American world No.1 is still the favourite. Defending champion Andre Agassi, never one to miss a public relations opportunity, arrived in Melbourne with a shaven head.

That ensured a rash of publicity photographs. The tonorial statement seems likely to become the fashion fad for 1996. The Croatian left-hander Goran Ivanisevic, top seeded in Sydney this week, is sporting a gentle fuzz. The American Todd Martin is another who appeared in Sydney looking like an advert for a hairdressing salon.

Monica Seles will need no such gimmicks to attract attention. In the absence of joint world No.1 Steffi Graf, who is recovering from an operation to remove bone chips from her left foot, Seles will be the overwhelming favourite and the subject of constant surveillance from the security guards.

That will no longer worry her. "I'm used to it now," she said. "Security is stronger everywhere, not just for me, for all players. It is a fact of life."

For all her would-be challenges it is also a fact of life that in three visits to Melbourne, Seles is undefeated. Her last victory there in 1993, a routing win in three sets against Graf was the finest women's match I have ever seen.

When she needs a little relaxation, Monica can stroll with her guards to the other show courts to watch Ken Rosewall playing in the Champions Doubles along with the other legends of Australian tennis. I am sure he will be happy to give her his autograph.

appropriate. The Cowboys were playing well and had two of their stars in bragging pre-match form with Deion Sanders, a 49er the previous year, promising mayhem and receiver Michael Irvin telling Rice he was not the best pass-catcher in the universe.

San Francisco, meanwhile, had big injury worries and had been losing to weak teams. With Young out, they were reduced to fielding a quarterback called Elvis (easier to grasp than his surname, Grbac).

Justice was poetic. Within two minutes, Rice, supposedly guarded by Sanders, collected an 81-yard touchdown pass. Still in the first quarter, Irvin caught a pass and dropped it, letting San Francisco run the ball back for another score. By half-time, with San Francisco rampant, Rice had caught five passes for 160 yards - and Irvin just the one which he had fumbled. Holmgren, a much better coach than the Cowboys' Barry Switzer, will doubtless have studied the film of this game minutely.

But the season had better end well for it to be redeemed. If baseball shot itself in the foot with its long strike, football's own house looks in disorder. It will no longer be enough to abolish artificial turf, the cause of so many injuries, to pronounce the game whole and healthy.

TRAVEL

Andalusian fantasies: the old and the new

Paul Betts visits a retreat fit for the famous in unspoilt countryside

Rudolf Staab, a German engineer, had a dream. "Some people when they have made lots of money want to own a yacht; I wanted a hotel and I built this place."

The place is a 700-hectare estate in the heart of the Andalusian countryside. It is surrounded by rolling hills and unspoilt valleys of Mediterranean oaks, olive groves and almond tree orchards an hour's drive from the concrete ugliness of the Costa del Sol. In the middle of this loveliness, Staab constructed not so much a hotel but recreated a Moorish village called "La Bobadilla".

It is a retreat fit for kings and King Juan Carlos of Spain has stayed here: so has Helmut Kohl, Willi Brandt, Malcolm Forbes, Tom Cruise and a whole gaggle of famous people in search of peace and privacy. The hotel's 60 rooms and suites are huge, all different, all with highly original bathrooms, and all with bucolic views. It has its own church with an organ with 1,559 pipes. There are Moorish colonnades and water trickling everywhere from small fountains and little channels. The swimming pool is the size of a lake. Like the great Alhambra palace in Granada, which inspired Staab's epicurean vision, everything is over the top. Even in the hotel's brochure, someone calling himself *el Principe* praises Staab for transforming water into music just as the Arab kings did five centuries ago in Granada.

But Staab's dream has turned sour. For the past few months the German engineer has been struggling to keep control of his 10-year-old creation. "La Bobadilla" has been embroiled in a financial saga of Byzantine complexity, putting its future in peril.

"My idea was not to make a profit," explained Staab over a late drink. "I built this because I always wanted to own a hotel and the idea was that it should pay for itself. But then I was

robbed," he said with the faintest of smiles. "I never got to the bottom of the whole story but Staab's new manager, a German woman called Heidi Warth, who joined 'La Bobadilla' six months ago said she could one day write a best-seller."

"He was ahead of his time," she explained. "When he came here 10 years ago there was no electricity, no water and it was a 2½ to three-hour drive from the coast because there were no good roads. Now more and more people want to come to the mountains to escape the Costa."

The problems started when Staab's partner died a couple of years ago. "He thought everything was ticking over

The Alhambra is the show stopper. At this time of year on a sunny day it is magical

but that was far from the reality. He was simply being robbed without realising it."

Although neither Staab nor his assistant would go into details, it appears to have become one of those classic stories of the foreign investor getting caught in the intricate ways of local politics and business.

Staab is now racing against the clock to put together a rescue plan. The night I stayed he was talking to a potential German business partner. He is also thinking of building a world championship golf course on his extensive grounds which could change the character of the place.

Whatever happens, "La Bobadilla" remains an idyllic base from which to explore the three great cities of Andalusia and their extraordinary Moorish monuments.

The Alhambra in Granada,

the Mezquita of Cordoba, and the Alcázar in Seville are among the most exciting, sensual and romantic monuments in Europe. This trinity of Moorish architecture, like the Pyramids, the Roman Forum and Colosseum, the lost Inca city of Macchu Picchu, or the Taj Mahal, is one of those areas one should try to visit at least once in a lifetime.

I had visited them once before, 30 years ago, when I was studying Spanish at the old university of Granada. In those 30 years, property developers and speculators appear to have done their best to destroy the approach to these three cities. But once you have driven through the ugly sprawl of the modern suburbs, the old city centres have lost little of their historic character especially in the winter months when most tourist coaches are hibernating.

From the top of the Giralda tower, by Seville's cathedral, the site of the 1992 world trade exhibition looked like a giant fun fair with an oil refinery in the middle. But right below, the roof tops of the old Santa Cruz quarter and the Alcázar with its wonderful gardens have retained all their Moorish charm and elegance.

The Mezquita at Cordoba was bustling with school children on a cultural outing. This is the Grand Central Station of Moorish architecture and all around the narrow streets, the old houses with their patios echo with the sounds of barking dogs, motor scooters, heated conversations about politics and bull fights in the *tapas* bars, and the snorts of the old carriage horses waiting for business outside the cathedral walls.

But the Alhambra is the show stopper. The Moorish kings of Granada sought to transform this castellated palace, the last outpost of Moslem Spain, into a terrestrial paradise.

At this time of year on a sunny day it is magical: on one side the snow capped moun-

tains of the Sierra Nevada; the old Moorish quarter of the Albaicin and the Sacromonte with its gypsy caves on the other; and the modern city below disappearing into the plains.

"Liquid architecture", my guide explained as we walked through the Court of the Myrtles with the reflection of the elegant structures of the building, its arches and marble columns, quivering in the clear water of the large rectangular pool, and then into the famous Court of Lions.

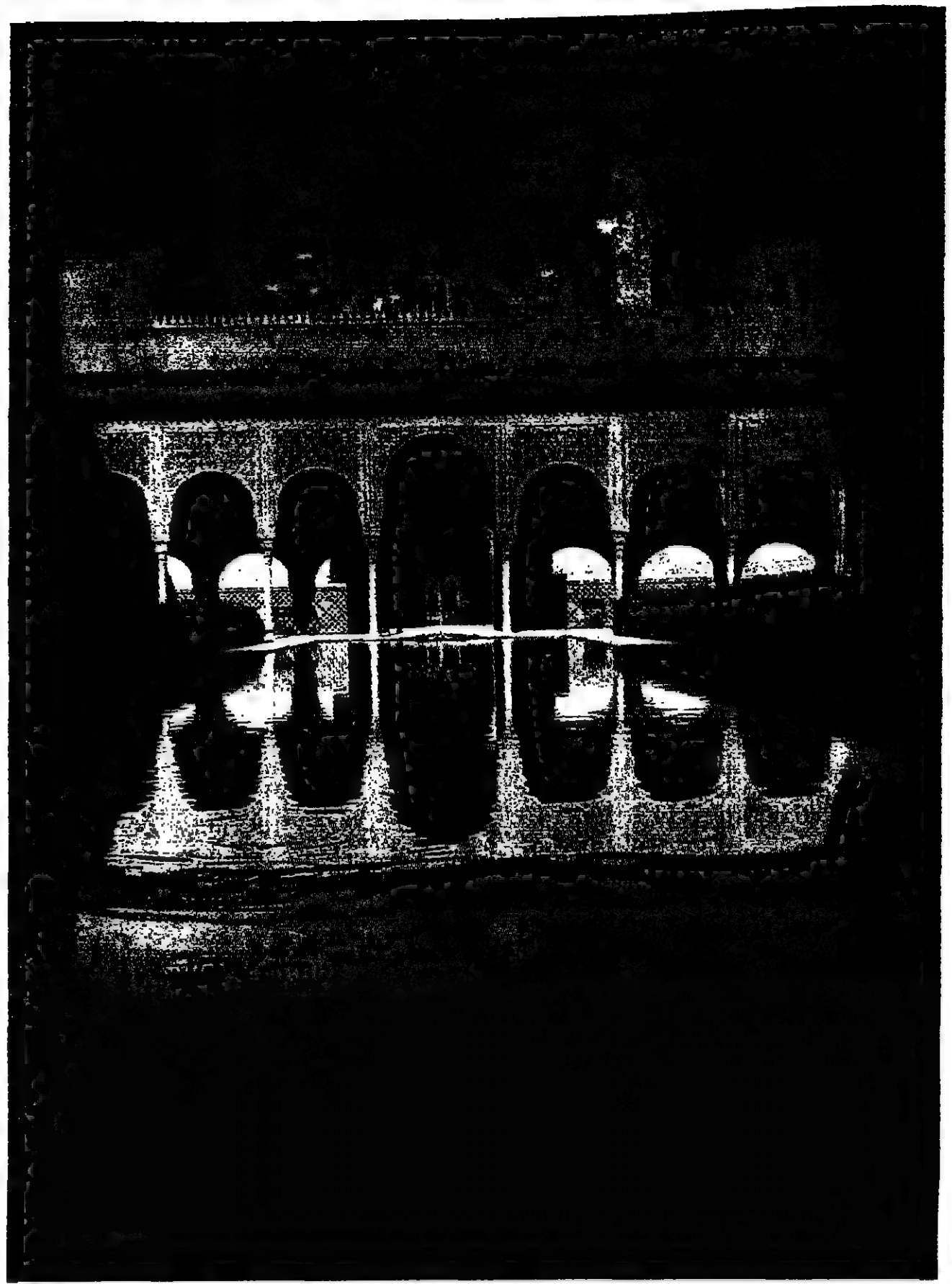
In the gardens, the winter sunlight played to the sound of the fountains and running water. The elderly guide, a Basque, quoted the poet Machado *agua oculta que llora* (concealed waters that cry) - a reference to the tragedy that befell the great Moorish civilisation of Granada.

But if anyone has contributed to the restoration of the Alhambra, it was an American diplomat and author, Washington Irving, the US ambassador in Madrid, came to Granada on an expedition with a Russian diplomat in 1828.

He stayed in the Alhambra itself, which at the time was being left to decay, and wrote a book - *Tales of the Alhambra*. The book, more than anything else, put the Alhambra back on the tourist map and forced the Spanish authorities to restore it. It is still the best and most evocative introduction to this extraordinary site.

Rudolf Staab is the latest foreigner to have been inspired by the vision of the Alhambra, building his modern utopia in the Andalusian hills. But he, like his predecessors in Eden, did not reckon on the worm in the apple.

Paul Betts was a guest of The Magic of Spain (tel: 0181-749 4220) which organises holidays to Andalusia including driving holidays featuring "La Bobadilla" with prices starting from £451 to include flights and car hire for two nights. British Airways has two flights a day to Malaga (01245-222111).



The Alhambra: Moorish kings of Granada sought to transform this castellated palace, the last outpost of Moslem Spain, into a terrestrial paradise

HOLIDAYS & TRAVEL

ADVENTURE HOLIDAYS

Discovery Overland Walking Biking

UK leaders in small group adventure holidays with over 20 years experience and the widest choice of trips: choose from 4 different brochures.

EXODUS
The Different Holiday

HOTELS

LONDON IN STYLE

At This Superb Town House Hotel
CORPORATE ROOM RATES FROM JUST £63 FULLY INCLUSIVE WITH COMPLIMENTARY CHAMPAGNE WELCOME OFFER

- Overlooking Hyde Park
- 55 Personalised Rooms
- De Luxe Rooms & Suites
- Private Car Park
- Restaurant & Bar
- 24 Hour Room Service

LONDON ELIZABETH HOTEL
Lancaster Terrace, Hyde Park, London W2 3PF
Tel: 011-402 6641 Fax: 011-224 8900

FRANCE

PROVENCE

selection of beautiful Chateaux & Villas to rent throughout the South of France all with pools & maid service

FRENCH CHAPTERS
0171 722 0722

LUXURY MANOR HOUSE
Mr. Bergerac, Dordogne.
Beautifully furnished, sleeps 12 max. 30 acres grounds, lake, 11x5m pool, billiards, grass tennis court etc. Village with all facilities in walking distance.

TEL: 01476-660777
for colour brochure (private list)

DORDOGNE

Verteilac

Luxury Farmhouse, Views, Private Pool, 5 Bedrooms, Sleeps 2/10

Tel: 01527 575929

Whilst care is taken to establish that our advertisements are bona fide, readers are strongly recommended to take their own precautions before entering into any agreement.

AUSTRALIA

Luxury Islands of Australia

LIZARD BEDARRA ORPHEUS HAYMAN DOUBLE

Contact us for special rates at these islands and other resorts throughout Australia.

Call for our full brochure, let us make Australia the holiday of a lifetime.

Travel Portfolio
23 Churchgate St.
Bury St Edmunds IP13 1BL
Tel: 01284 762255
Fax: 01284 769011
Office in Sydney, NSW 1572

IRELAND

E.G.L. Chautauque Drive Arrivals Hall
Dublin Airport Transfers - Tours - Business trips - Luxury Saloons and Mini coaches Ph. 016-353-1-7044062 Fax 011-555-1-7044062

FORTHCOMING TRAVEL FEATURES:

Skiing - February 3rd
February 24th
Cruising - February 10th
Eastern Europe - February 24th

For more information please contact
Emma Lloyd on 0171 873 3218
or Dominique Mosely on 0171 873 3576 or Fax 0171 873 3098

See much more of ZIMBABWE Botswana or Zambia with 'TIME FOR AFRICA' Air Safaris

Flying saves hours of precious time! Let us tailor-make your exclusive safari by vehicle, foot, horse or boat with expert local guides. Secured luxury lodges. Fully bonded.

Tel: 01439 875523 Fax: 01439 875504 or Tel: 0171 240 7585

SAFARI

Tim Best Travel

SERENGETI MIGRATION

Wonder of the natural world - nearly 2 million animals migrating through Tanzania

Private tented safari max 10 people 2 weeks mid - end March

Tel: 0171 591 0300
Fax: 0171 591 0301
68 Old Brompton Road, London SW7 3LQ

ZIMBABWE
TANZANIA BOTSWANA
TAMBA & NAMIBIA
TAILORMADE SAFARIS

Luxurious remote lodges. Walking, canoeing, riding and vehicle safaris with the very best guides. Superb wildlife. Adventure with comfort. Call us to create your ideal safari. Phone John Burdett on (0204) 28979

AFRICA EXCLUSIVE
Hamilton House, 66 Palmerston Rd Northampton, NN1 5EX.

GERMANY

Daily low cost flights, 0181-429 2900, Visa/access, German Travel Centre, ABTA 90685, ATOL/IATA.

SCOTLAND

CROFTS & CASTLES throughout Scotland
Tidy 10 Tremendous Holiday properties for 2 to 22 plus dogs and Corgi Breeds Tel: 44 1836 67 07 44 Fax: 44 1836 67 07 11

EXOTIC HOLIDAYS

TRAVEL

with a twist

Tailor-made holidays to suit your needs. Specialised safari holidays. World-wide holiday specialists. Add-on services and more.

Ring 01242 240 210 for a brochure.

FLIGHTS

BEST OFFERS!

Best Premium Class Offers from American!!

What other Airlines call Business Class in their plans. Delta/Virgin call theirs Premium Economy Class (Mid Class)!!

Independent Premium Class check in lounge. Complimentary airport transfers. 50% baggage allowance. 1st class lounge access. 1st class airport security. 1st class baggage handling. 1st class baggage claim. 1st class baggage insurance. 1st class baggage tracking. 1st class baggage delivery. 1st class baggage storage. 1st class baggage handling. 1st class baggage claim. 1st class baggage insurance. 1st class baggage tracking. 1st class baggage delivery. 1st class baggage storage.

GO PREMIUM CLASS!! 0171 637 4107

FLY FIRST - BUSINESS - ECONOMY CLASS TO OVER 200 DESTINATIONS SAVE UP TO 50% ON MAJOR AIRLINES

AMERICAN VACATIONS

Specialise in tailor-made vacations to the USA • CANADA • MEXICO • HAWAII • CARIBBEAN • EUROPE • AUSTRALIA • AFRICA • ASIA • JAPAN • NEW ZEALAND

0171 637 4107/0171 637 4108/0171 637 4109/0171 637 4110/0171 637 4111/0171 637 4112/0171 637 4113/0171 637 4114/0171 637 4115/0171 637 4116/0171 637 4117/0171 637 4118/0171 637 4119/0171 637 4120/0171 637 4121/0171 637 4122/0171 637 4123/0171 637 4124/0171 637 4125/0171 637 4126/0171 637 4127/0171 637 4128/0171 637 4129/0171 637 4130/0171 637 4131/0171 637 4132/0171 637 4133/0171 637 4134/0171 637 4135/0171 637 4136/0171 637 4137/0171 637 4138/0171 637 4139/0171 637 4140/0171 637 4141/0171 637 4142/0171 637 4143/0171 637 4144/0171 637 4145/0171 637 4146/0171 637 4147/0171 637 4148/0171 637 4149/0171 637 4150/0171 637 4151/0171 637 4152/0171 637 4153/0171 637 4154/0171 637 4155/0171 637 4156/0171 637 4157/0171 637 4158/0171 637 4159/0171 637 4160/0171 637 4161/0171 637 4162/0171 637 4163/0171 637 4164/0171 637 4165/0171 637 4166/0171 637 4167/0171 637 4168/0171 637 4169/0171 637 4170/0171 637 4171/0171 637 4172/0171 637 4173/0171 637 4174/0171 637 4175/0171 637 4176/0171 637 4177/0171 637 4178/0171 637 4179/0171 637 4180/0171 637 4181/0171 637 4182/0171 637 4183/0171 637 4184/0171 637 4185/0171 637 4186/0171 637 4187/0171 637 4188/0171 637 4189/0171 637 4190/0171 637 4191/0171 637 4192/0171 637 4193/0171 637 4194/0171 637 4195/0171 637 4196/0171 637 4197/0171 637 4198/0171 637 4199/0171 637 4200/0171 637 4201/0171 637 4202/0171 637 4203/0171 637 4204/0171 637 4205/0171 637 4206/0171 637 4207/0171 637 4208/0171 637 4209/0171 637 4210/0171 637 4211/0171 637 4212/0171 637 4213/0171 637 4214/0171 637 4215/0171 637 4216/0171 637 4217/0171 637 4218/0171 637 4219/0171 637 4220/0171 637 4221/0171 637 4222/0171 637 4223/0171 637 4224/0171 637 4225/0171 637 4226/0171 637 4227/0171 637 4228/0171 637 4229/0171 637 4230/0171 637 4231/0171 637 4232/0171 637 4233/0171 637 4234/0171 637 4235/0171 637 4236/0171 637 4237/0171 637 4238/0171 637 4239/0171 637 4240/0171 637 4241/0171 637 4242/0171 637 4243/0171 637 4244/0171 637 4245/0171 637 4246/0171 637 4247/0171 637 4248/0171 637 4249/0171 637 4250/0171 637 4251/0171 637 4252/0171 637 4253/0171 637 4254/0171 637 4255/0171 637 4256/0171 637 4257/0171 637 4258/0171 637 4259/0171 637 4260/0171 637 4261/0171 637 4262/0171 637 4263/0171 637 4264/0171 637 4265/0171 637 4266/0171 637 4267/0171 637 4268/0171 637 4269/0171 637 4270/0171 637 4271/0171 637 4272/0171 637 4273/0171 637 4274/0171 637 4275/0171 637 4276/0171 637 4277/0171 637 4278/0171 637 4279/0171 637 4280/0171 637 4281/0171 637 4282/0171 637 4283/0171 637 4284/0171 637 4285/0171 637 4286/0171 637 4287/0171 637 4288/0171 637 4289/0171 637 4290/0171 637 4291/0171 637 4292/0171 637 4293/0171 637 4294/0171 637 4295/0171 637 4296/0171 637 4297/0171 637 4298/0171 637 4299/0171 637 4300/0171 637 4301/0171 637 4302/0171 637 4303/0171 637 4304/0171 637 4305/0171 637 4306/0171 637 4307/0171 637 4308/0171 637 4309/0171 637 4310/0171 637 4311/0171 637 4312/0171 637 4313/0171 637 4314/0171 637 4315/0171 637 4316/0171 637 4317/0171 637 4318/0171 637 4319/0171 637 4320/0171 637 4321/0171 637 4322/0171 637 4323/0171 637 4324/0171 637 4325/0171 637 4326/0171 637 4327/0171 637 4328/0171 637 4329/0171 637 4330/0171 637 4331/0171 637 4332/0171 637 4333/0171 637 4334/0171 637 4335/0171 637 4336/0171 637 4337/0171 637 4338/0171 637 4339/0171 637 4340/0171 637 4341/0171 637 4342/0171 637 4343/0171 637 4344/0171 637 4345/0171 637 4346/0171 637 4347/0171 637 4348/0171 637 4349/0171 637 4350/0171 637 4351/0171 637 4352/0171 637 4353/0171 637 4354/0171 637 4355/0171 637 4356/0171 637 4357/0171 637 4358/0171 637 4359/0171 637 4360/0171 637 4361/0171 637 4362/0171 637 4363/0171 637 4364/0171 637 4365/0171 637 4366/0171 637 4367/0171 637 4368/0171 637 4369/0171 637 4370/0171 637 4371/0171 637 4372/0171 637 4373/0171 637 4374/0171 637 4375/0171 637 4376/0171 637 4377/0171 637 4378/0171 637 4379/0171 637 4380/0171 637 4381/0171 637 4382/0171 637 4383/0171 637 4384/0171 637 4385/0171 637 4386/0171 637 4387/0171 637 4388/0171 637 4389/0171 637 4390/0171 637 4391/0171 637 4392/0171 637 4393/0171 637 4394/0171 637 4395/0171 637 4396/0171 637 4397/0171 637 4398/0171 637 4399/0171 637 4400/0171 637 4401/0171 637 4402/0171 637 4403/0171 637 4404/0171 637 4405/0171 637 4406/0171 637 4407/0171 637 4408/0171 637 4409/0171 637 4410/0171 637 4411/0171 637 4412/0171 637 4413/0171 637 4414/0171 637 4415/0171 637 4416/0171 637 4417/0171 637 4418/0171 637 4419/0171 637 4420/0171 637 4421/0171 637 4422/0171 637 4423/0171 637 4424/0171 637 4425/0171 637 4426/0171 637 4427/0171 637 4428/0171 637 4429/0171 637 4430/0171 637 4431/0171 637 4432/0171 637 4433/0171 637 4434/0171 637 4435/0171 637 4436/0171 637 4437/0171 637 4438/0171 637 4439/0171 637 4440/0171 637 4441/0171 637 4442/0171 637 4443/0171 637 4444/0171 637 4445/0171 637 4446/0171 637 4447/0171 637 4448/0171 637 4449/0171 637 4450/0171 637 4451/0171 637 4452/0171 637 4453/0171 637 4454/0171 637 4455/0171 637 4456/0171 637 4457/0171 637 4458/0171 637 4459/0171 637 4460/0171 637 4461/0171 637 4462/0171 637 4463/0171 637 4464/0171 637 4465/0171 637 4466/0171 637 4467/0171 637 4468/0171 637 4469/0171 637 4470/0171 637 4471/0171 637 4472/0171 637 4473/0171 637 4474/0171 637 4475/0171 637 4476/0171 637 4477/0171 637 4478/0171 637 4479/0171 637 4480/0171 637 4481/0171 637 4482/0171 637 4483/0171 637 4484/0171 637 4485/0171 637 4486/0171 637 4487/0171 637 4488/0171 637 4489/0171 637 4490/0171 637 4491/0171 637 4492/0171 637 4493/0171 637 4494/0171 637 4495/0171 637 4496/0171 637 4497/0171 637 4498/0171 637 4499/0171 637 4500/0171 637 4501/0171 637 4502/0171 637 4503/0171 637 4504/0171 637 4505/0171 637 4506/0171 637 4507/0171 637 4508/0171 637 4509/0171 637 4510/0171 637 4511/0171 637 4512/0171 637 4513/0171 637 4514/0171 637 4515/0171 637 4516/0171 637 4517/0171 637 4518/0171 637 4519/0171 637 4520/0171 637 4521/0171 637 4522/0171 637 4523/0171 637 4524/0171 637 4525/0171 637 4526/0171 637 4527/0171 637 4528/0171 637 4529/0171 637 4530/0171 637 4531/0171 637 4532/0171 637 4533/0171 637 4534/0171 637 4535/0171 637 4536/0171 637 4537/0171 637 4538/0171 637 4539/0171 637 4540/0171 637 4541/0171 637 4542/0171 637 4543/0171 637 4544/0171 637 4545/0171 637 4546/0171 637 4547/0171 637 4548/0171 637 4549/0171 637 4550/0171 637 4551/0171 637 4552/0171 637 4553/0171 637 4554/0171 637 4555/0171 637 4556/0171 637 4557/0171 637 4558/0171 637 4559/0171 637 4560/0171 637 4561/0171 637 4562/0171 637 4563/0171 637 4564/0171 637 4565/0171 637 4566/0171 637 4567/0171 637 4568/0171 637 4569/0171 637 4570/0171 637 4571/0171 637 4572/0171 637 4573/0171 637 4574/0171 637 4575/0171 637 4576/0171 637 4577/0171 637 4578/0171 637 4579/0171 637 4580/0171 637 4581/0171 637 4582/0171 637 4583/0171 637 4584/0171 637 4585/0171 637 4586/0171 637 4587/0171 637 4588/0171 637 4589/0171 637 4590/0171 637 4591/0171 637 4592/0171 637 4593/0171 637 4594/0171 637 4595/0171 637 4596/0171 637 4597/0171 637 4598/0171 637 4599/0171 637 4600/0171 637 4601/0171 637 4602/0171 637 4603/0171 637 4604/0

1. NORWAY
The Magnificent Fjord Country
Spectacular Motoring Holidays, Chalet Holidays and the famous Norwegian Coastal Voyage. Regular sailings from Newcastle. Wake up to Norway with Color Line - for Information Pack telephone 01443 839631.

2. MIDAS BATTLEFIELD TOURS 1996
Quality escorted tours with leading authorities. One week and weekend tours include Napoleon's campaigns, Peninsular War, Boer War, American Civil War, Ancient Greece, World War 1, World War 2, Frederick the Great, Historic Malta.
Contact us on **01883 744955** for your next adventure
MIDAS BATTLEFIELD TOURS
The Old Dairy, The Green, Oldham, Greater Manchester, M20 8DY
e Mail: midas@midas.co.uk

Travel 1996 Brochure Guide

France
Tailor-made holidays to the best hotels
● Châteaux hotels
● Other top hotels
● Health and Relaxation holidays
● Wine Specials
● Ferry with own car or fly-drive
Unicorn Holidays
01582 83 4400
ATOL 2431 ABTA V1074 AITO

Spain & Portugal with Mallorca
Tailor-made holidays to the best hotels
● Paradores ● Pousadas
● Other top hotels
● Manor houses
● Fly-drive or ferry with own car
Unicorn Holidays
01582 83 4400
ATOL 2431 ABTA V1074 AITO

MARCO POLO EXPERIENCE
Legendary Journeys Along the Ancient Silk Routes
Free Brochure Available Now
0171 734 1059
79 Dean Street London W1W 6BY

6. EUROSTAR WEEKENDS
Travel in style with Bridge Travel Service on a Eurostar Weekend or Short Break and stay in one of our carefully selected hotels. Call 01235-824304 (24 hours) or complete the coupon.

RENT SOME OF THE FINEST PRIVATE HOLIDAY HOMES IN EUROPE AND THE USA
Villas with a pool • Luxury Apartments • Country Clubs
★★★★★
Algarve • Costa Del Sol • Tenerife
South Carolina • Florida
Leisure Estates International
01858 433500

Palmer and Parker Villa Holidays 1996
Algarve Marbella France
Jamaica Barbados St Lucia
Private Villas of quality and comfort for small and large parties. All have pools and some have tennis courts. Rents from £1,500 to £5,000 per week.
01494 812002
ATOL 164 ABTA V2887

HOLIDAYS TO DISNEY
With Bridge Travel Service stay in a Disney Resort Hotel in the heart of Walt Disney World Florida.
Call 01235-824303 (24 hours) or complete the coupon.

EXPLORE WORLDWIDE
Small group exploratory holidays
Unique adventures to remote destinations. Adventure tours, safaris, wildlife safaris, mountain walks & treks, river journeys.
Choose from 8 days to 5 weeks, in Europe, Middle East, Africa, Asia, Australasia, Americas...
For 104-page colour brochure contact:
Explore Worldwide (FT), Aldershot, GU11 1LQ
Tel: 01252 344488, 01464 444444 ATOL/ATO Banded

11. TUSCANY UMBRIA & COASTAL REGIONS IN ITALY
We have some of the finest villas and farmhouses with swimming pools in Tuscany and Umbria. Properties also available on the small, Sardinia, Marche, Capri and Positano, City Flats in Venice, Florence and Rome. Excellent knowledge/prices and service as we deal directly with the owners and really know this beautiful countryside inside out.
TUSCANY NOW
TEL: 0171 272 5465. FAX 0171 272 6184

Experience the magic of a P&O Cruise.
The 1996 P&O Cruises brochure features our most exciting season ever, with over 60 cruises to choose from and prices starting at just £995. We promise you'll find the cruise of a lifetime.
P&O CRUISES 1996
Virtual Ocean Explorer

13. CONCORDE TO BARBADOS
In just 4 hours you can be in the warm sun of the Caribbean, staying at one of the nine luxury hotels. 7 night prices from £1995 to £3385. For brochure and special value offers call Elegant Resorts on 01 244 897 999

14. ELEGANT RESORTS OF THE WORLD
Our collection now includes Mauritius, The Maldives, The Seychelles, Bali, Malaysia, Thailand, Tahiti, Fiji, Hawaii, South Africa, Dubai, The Barrier Reef and New Zealand.
CALL 01 244 897 888

15. CAYMAN ISLANDS - WITH CARIBBEAN CONNECTION
On the Cayman Islands discover beaches so beautiful they seem surreal, and international standards of luxury and service from £294 per person. To discover Caribbean Connections Caribbean-wide portfolio call 01244 329556. Please quote: FTC13/1.

16. CARIBBEAN YACHT CHARTER
For the most comprehensive selection of luxury and super luxury yachts, whether motor or sail, consult the specialists ITC Yachts. We also provide highly competitive flights and a totally flexible Sail & Stay programme.
Call 01244-329556 now.
Please quote: FTB13/1.

17. Chez Nous '96
Private holiday accommodation in France
Save money - book direct!
All regions of France Tel: **01484 682503**

18. OKAVANGO TOURS & SAFARIS
Simply the best for:
Botswana
Zambia
Zimbabwe
Namibia
South Africa
Tanzania
Tel: 0181 343 3283 Fax: 0181 343 3287
Gadd House, Arcadia Avenue
London N3 2TJ

19. Sunsail Clubs
A fabulous Mediterranean holiday for the whole family. FREE dinghy and yacht sailing, windsurfing, watersports and Kids' Clubs. Also tennis and waterskiing available. 9 beautiful locations in Greece and Turkey. 2 weeks from £349pp (flights included).
24 Hr Brochure Hotline 01705 223 222
Fully bonded: ABTA/ATOL/ATA/ASC

20. Germany MOSWIN TOURS
The true specialists for Germany. Escorted tours, city-breaks, self-drive, inclusive-all river cruises, special interest, self-catering, family holidays, business travel, trade fairs, conferences, tailor-made.
ABTA V1996, ATOL 2809 & AITO
Tel: 0116 271 9922 / 271 4982
or write to: Moswin House, 21 Church Street, Oadby, Leicester, LE2 5DB

21. Italy Citalia
From Renaissance cities to flower-filled lakeside retreats, from the rolling hills of Tuscany & Umbria to colourful seaside towns, Italy has a wealth of culture & countryside to explore. Citalia, the UK's favourite Italian travel specialist with 65 years experience, offers a range of holiday ideas to suit everyone.
Call 01235 824354 for your 1996 Citalia Italy brochure.

22. THE FRIENDLIEST CRUISE SHIP
Fine food, sparkling entertainment, fascinating ports-of-call and a special ambience. Fuel the warmth as you step aboard. Black Prince sails from Dover on 9-33 day cruises and follows the sun to the Caribbean, Canary Islands, West Africa, Black Sea, Mediterranean and Norwegian fjords. No Airports. No flying. Outstanding value.
'96 Brochure from Fred Olsen Cruise Lines, PO BOX 11 Loughborough, LE11 1ZV. Or call: 01509 215 900
Fred Olsen Cruise Lines
No one knows more about cruising

23. HOTEL HOLIDAYS OF QUALITY TO ITALY AND FRANCE
Choose from over 150 hotels of charm and character, quality and prestige. From Renaissance châteaux to country manors, from grand palaces to seaside holiday homes. Throughout Italy and France from the lavender beds of Provence to the lemon groves of the Amalfi Coast, from splendid Venice to the turquoise Dardanelles. Flexible durations, daily departures (by scheduled flight with hire-car, self-drive and motorist), all year round! Tailor-made to your requirements. ATOL 3076, AITO 1102 1042
Italian Expressions: 0171-435 2525
French Expressions: 0171-431 1312

24. ISLES OF SCILLY A LIFETIME OF HOLIDAYS
A mere 28 miles from Land's End and literally a World Apart. Totally unspoilt islands, marvellously clean, crystal clear waters, white sandy beaches, spectacular scenery and mild climate - unwind and relax it is an unforgettable experience.
For full colour brochure telephone **(01720) 422536** (24hrs)
Isles of Scilly

25. WINETRAILS
Leisurely walks through the world's most spectacular wine regions
Fine food & wine, comfortable country houses & inns, small hotels, wine estates, châteaux & villages
Join one of our exclusive small groups or let us design a private holiday for you in Rioja & Navarra, Andalusia, Mallorca, Madeira, UK, Australia, California, Cyprus, Bulgaria, S Africa and throughout France and Italy.
Including Gourmet Ski Holidays in Austria and French Alps
Phone 01396 712111 Fax 01396 713504

THE MIDI RURAL
3 majestic rivers 3 splendid valleys
The Tarn, the Lot and the Lot If you love 'real' France. If you love nature. If you love the unspoilt and are excited by history, art and culture as a backdrop to exploring beautiful scenery, discovering ancient vineyards and participating in a wide range of outdoor activities - the Midi Rural is for you.
PHONE **0171 240 3706**
FOR OUR BROCHURE.

27. SILVERSEA CRUISES
The Ultimate, all inclusive travel experience
Step aboard Silver Cloud or her sister ship Silver Wind and enter a world of relaxed elegance, gracious service, and an unrivalled standard, in ultra-luxury travel, as you cruise the seven seas and beyond from £2,455.
Telephone: 0171 729 1929
Facsimile: 0171 613 0504
Please quote FT3

28. CV TRAVEL
CV has specialised in exceptional villa and hotel holidays for 25 years. 1996 brochures: Corfu Villas (a) - Corfu and Paxos Mediterranean World Villas (b) - Portugal, Spain, Italy, France
Different World of Hotels (c) - as well as the Mediterranean, more exotic destinations - Morocco, the Caribbean, Maldives, Kenya Coast, Seychelles.
CV Travel 0171 581 0851 (589 0132 - 24 hours)
ABTA/ATO ATOL 337

TRAVEL BROCHURE GUIDE

ORDER FORM

Please tick the appropriate box for the travel brochures you would like to receive, enter your own name and address and then send or fax this coupon to the address shown. Replies must be received no later than 14 February 1996.

- | | | |
|---|--|---|
| <input type="checkbox"/> 1. Norwegian Tourist Board | <input type="checkbox"/> 11. Tuscany Now | <input type="checkbox"/> 21. Citalia |
| <input type="checkbox"/> 2. Midas Battlefield Tours | <input type="checkbox"/> 12. P&O Cruises | <input type="checkbox"/> 22. Fred Olsen |
| <input type="checkbox"/> 3. Unicorn Holidays - Best of France | <input type="checkbox"/> 13. Elegant Resorts - Concorde | <input type="checkbox"/> 23. French Expressions |
| <input type="checkbox"/> 4. Unicorn Holidays - Best of Spain & Portugal | <input type="checkbox"/> 14. Elegant Resorts - The World | <input type="checkbox"/> 24. Isles of Scilly |
| <input type="checkbox"/> 5. Marco Polo Experience | <input type="checkbox"/> 15. Caribbean Connection - Cayman Islands | <input type="checkbox"/> 25. Winetrails |
| <input type="checkbox"/> 6. Eurostar | <input type="checkbox"/> 16. Caribbean Connection - Yacht Charter | <input type="checkbox"/> 26. Turn Tourist Board |
| <input type="checkbox"/> 7. Leisure Estates International | <input type="checkbox"/> 17. Chez Nous | <input type="checkbox"/> 27. Silversea Cruises |
| <input type="checkbox"/> 8. Palmer & Parker | <input type="checkbox"/> 18. Okavango Tours & Safaris | <input type="checkbox"/> 28. CV Travel - (a) Corfu Villas |
| <input type="checkbox"/> 9. DisneyWorld | <input type="checkbox"/> 19. Sunsail Clubs | <input type="checkbox"/> b) Mediterranean World Villas |
| <input type="checkbox"/> 10. Explore Worldwide | <input type="checkbox"/> 20. Moswin Tours | <input type="checkbox"/> c) Different World of Hotels |

WEEKEND FT 1996 TRAVEL BROCHURE SERVICE

(Ref 02/96) Capacity House, 2-6 Rothsay Street, London SE1 4UD. Fax No: 071 357 6065

The information you provide will be held by the Financial Times and may be used to keep you informed of FT products and by other selected companies for mailing list purposes. The FT is registered under the Data Protection Act 1984. Financial Times, Number One Southwark Bridge, London SE1 9HL. Please tick this box if you do not wish to receive any further information from the FT Group or companies approved by the FT Group. ☐

TITLE _____ INITIALS _____ SURNAME _____
ADDRESS _____
POSTCODE _____
DAYTIME TELEPHONE _____

HOW TO SPEND IT

How to be a contemporary patron of the arts

Forget the hallowed portals of stuffy galleries, says Lucia van der Post. The modern way to buy is much more informal

For the old-style art collector - the sort who had acres of manorial walls to fill and fat cheque-books to call on - the informal supermarket style of art market must come as quite a cultural shock. Where once there were hushed galleries the portals of which were only entered by the well-heeled, today there are vast international fairs where people wearing jeans are as frequently seen as those in pukka suits and

where pictures can be bought as easily for a few notes as for big cheques.

The Contemporary Arts Society and the London Contemporary Art Fair led the way in showing that informal and easily accessible fairs staffed by unfussy enthusiasts could garner a new audience for art and more sales for the artists. If the atmosphere turned out to be more "cash-and-carry than Cork Street", as one of the organisers of the CAS once described it, who cared when

the result was fun, eyes were opened, and artists were enabled to carry on being artists.

Galleries and artists were quick to see that taking the stuffiness out of selling helped the bottom line. Today, many galleries have loosened up their ways - prices are more readily displayed, the old attitude of "if you have to ask the price you can't afford it" has given way to a greater desire to help the less well-off find works they can afford, and studios have open days which

allow would-be collectors to meet artists and see their work in a more friendly environment.

Whereas once most of London's art galleries were centred round Cork Street, today the intelligent and adventurous buyer would be foolish to ignore the outer fringes - the Whitechapel and Flowers East in east London, the young entrepreneurial galleries around the Portobello Road, as well as other enterprising outlets all round the country.

A marvellous place for those who are interested in contemporary work is the London Contemporary Art Fair at the Business Design Centre in Islington from January 17-21. Under one roof can be seen the work of artists from 80 of Britain's leading galleries, from the avant garde White Cube (which represents Turner prize winner Damien Hirst and the short-listed Mona Hatoum) to the more establishment Gimpel Fils and the almost conservative Fine Arts Society.

There will be more than 10,000 works of art to choose from - from sculpture, painting and drawing to video and installation art. There should be something for all pockets with prices ranging from £75 to £50,000. There will be work by the already discovered and by the completely unknown. Even if you do not want to buy, it is a wonderful chance to see what is happening, to spot what young artists are up to and coming trends.

relatively modest ways from some of the galleries exhibiting at Art 96, tell us about their collections.

Art 96 - The London Contemporary Art Fair is at the Business Design Centre, Upper Street, Islington, London N1 0QH. It opens at 11am and closes at 8.30pm next Wednesday, Thursday and Friday, at 6pm next Saturday and at 9pm on Sunday 21. Admission is £7.

Picasso: FT photograph, except Jilly Cooper (South West News)



Jeremy Isaacs, general director of the Royal Opera House

From my childhood I was bowled over by paintings and I used to buy little books on the subject. I remember as a teenager queuing round the block in the snow to view the great Matisse/Picasso exhibition in Glasgow and I used to go to galleries whenever I was abroad.

But it wasn't until I came to London and I realised that I would have walls of my own that I began to think in terms of buying art. The first thing I bought was, I think, an etching by Peter Peri for 2 guineas, which I saw in the house of a friend. Five years later when I was

leaving Rediffusion my colleagues were kind enough to give me a little sculpture by Peter Peri.

When I came to London I was very intimidated by the Bond Street galleries and their beautifully groomed ladies polishing their nails. I like buying from people I know and forming relationships with artists and galleries. I know and like both Angela Flowers and her son Matthew at Flowers East. Then I buy from Graham Paton in London Fields and the Jason & Rhodes gallery. My late wife's cousin was married to a gifted artist, Leonard Marchant, and we bought quite a lot from

him.

I've always had a huge admiration for the great Scots women artists and once, to my huge delight, I found some Ann Redpath in a boutique above Turnham Green Station and I bought one of them for about £500 - I just wish I had bought more.

Then I love the work of Joan Eardley who painted in the Glasgow slums and in Caterline where she strapped herself to her easel to paint great storms. After my first wife died and I sold the family house, I had some money to spare and I bought a huge Joan Eardley. After I moved to a large loft in

Bermondsey with Gillian, my second wife, we bought a wonderful abstract painting by Bert Irvin which resides above the kitchen sink and though we really lashed out (it was a four-figure sum) we have never regretted it.

Now, whenever we have spare funds or a corner to spare we try and buy a work of art. We've been converting a cottage in Suffolk and after Gillian was made redundant by The Observer we decided to construct what we call the Tiny Rowland wing. It is a workroom and a picture room. 11 metres long by five metres wide with one glass wall which looks out on to the garden, leaving the other three walls free for paintings.

We collect figurative and abstract work - apart from the Gillian Ayres, we also have two bigish paintings by two young Scots, a stylised classical landscape by Remy Tait (above) and an extraordinary Slovenian landscape by Robert McLauchlin (who exhibits at the Jason & Rhodes gallery). Another pride and joy is a huge Alan Cook painting. And we have a strange painting by Rose Wyke. We have filled every wall and will have to stop for a bit. We don't buy really expensive pictures but those we have give us enormous pleasure.



Lynn Barber, journalist

I have always collected things in a small way - Victorian prints, some old watercolours and Baxter prints - what you might call Victorian house clutter, but David, my husband, and I always said that if ever we got any money we would buy paintings.

David has done life-drawing all his life and has a very good eye. Early on, we bought some big charcoal drawings by his art teacher June Collins and a lot of prints from Chris Orr, who teaches print-making at the RCA.

But it was not until I was working for Vanity Fair a few years ago that we suddenly had quite a lot of money and I could think about buying works of art seriously.

I went to the Contemporary Art Fair and spotted a painting by Edmund Fairfax-Lucy that I thought might interest my husband but he came back and said that what really caught his eye was an amazing pair of paintings (above) by Gillian Ayres from the Purdy Hicks Gallery.

I was staggered because I had never heard of her and he had never shown any interest in abstract art before.

They were quite small but in incredibly vibrant colours with

some particularly vivid pink. We paid £7,000 for the pair and the funny thing is that I never felt the bottom one was as good as the top one. But when Gillian Ayres, who likes to know where her paintings have gone, came to see us she brought along another one which she said we could have as well so now we have three.

She was wonderfully generous - not just in giving us another painting - but also with her knowledge and experience.

She told us that we should go and look at work by other modern painters such as Patrick Heron, Howard Hodgkin and Roger Hilton. It has all been a terribly educative experience. I now feel I am beginning to understand abstract art at last.

I love these paintings - they are the first thing you see as you come into the sitting-room. They are glamorous and give the whole room a lift. I get more pleasure from those pictures than anything else I own.

I shall definitely be going to Art 96 this year - I'm now hooked. I spent the first 20 years of my married life collecting antiques - I now want to buy work by living artists.



Jilly Cooper, writer

Leo [my publisher husband] has always had a "dazzling" eye. When we got married, I got out lots of posters and started framing them. Leo was horrified that I should even contemplate putting up reproductions.

He used to do the buying as I always admired his taste, which is very catholic - he found a "supposed" Corot, Rembrandt and Turner. He seems very good at finding near-misses.

One of the first pictures I bought on my own was when I drank too much at a party and bought a Betty Usman for £15. At that time it was my salary for about three weeks. When I sobered up I didn't know how I was going to survive until my next pay cheque came through.

Brathby painted me very early on when I was on The Sunday Times and I always loved that portrait. We now buy quite a lot of art though never anything abstract.

I've got a Sue McCartney Snape that I love and when I bought a small house in London for the children I bought a few things for that - a little Sickert from the Fine Art Society was a great treat and very exciting to buy.

Then I love Richard Ettrich's work. In particular we have a picture called "The Straight Road" which is wonderful. I buy quite a lot from the Fine Art Society. They ring me up if they think there is something that I might like. I also love Sargisyan whose work I've bought from the Cadogan Contemporary Gallery.

A particular favourite is a picture by Sir William Nicholson of one of Sir Winston Churchill's grandchildren in a cornfield which we bought from the Jonathan Clark gallery. By now our walls are packed - we've even got pictures on the lavatory ceiling - but I expect we'll go on buying. It's much more fun than stocks and shares.



Miriam Stoppard, businesswoman

I don't think of myself as a collector but I do buy art fairly regularly. A few years ago I decided that instead of putting money into my pension fund, I would buy works of art and have the pleasure now instead of waiting until I am 70.

I have always had an interest in collecting - as a small girl it was postcards of the Impressionists; then later 18th century watercolours and I went on to Erté pictures and Laique glass. But it wasn't until I saw the sculpture of a friend of mine, Nicole Farhi, that I began to think in a more modern way. I wanted to know more so I joined Roger Bevan's Exhibition Circle and gradually I began to understand more modern work. But I didn't succumb easily - it took a good six months.

I also struck a deal with a friend, Patrick Bode. I would take him to the opera, which he loves, and he would give me private tuition at

galleries. Then Judy Collins, Curator of Modern Art at the Tate, arranged for me to see the Bacon exhibition at the Venice Biennale. These friends helped break down a lot of my reservations.

Now, the older I get, the more modern my tastes become - whether in music, opera, theatre or art. I want to know what people are doing now and want to be part of it.

I never do research, or weigh up the investment potential - that's unimportant to me. My reaction is instinctive. I simply buy what affects me. On two occasions, I was surprised by how much I was affected. I went to Yorkshire to see an exhibition of Eduardo Paoletti's work and when I saw it I had to sit down. I was so moved. Then when I first saw Tim Naguire's work at the Jason & Rhodes gallery I was so moved that my cheque book again came straight out.

I've almost never spent more

than £3,000 on a picture. I buy people long before they are well known. For instance, I saw some of Philippe Sferasward's work at a friend's house and tracked her down and bought a huge painting - something like £6 by £8, for less than £2,000. I was Frances Blane's very first buyer. I have also bought three Callum Innes after I saw his work at a Royal Academy exhibition.

I'm very taken by sculpture and have several little Paoletti's. The first piece I bought, though, was a little rolling horse by Elisabeth Frink and a very moving drawing that went with it.

The main reason I buy art, though, is that it makes the room I'm in feel a better place. For instance, in my line of vision now is one of my favourite pieces - a small reclining figure by Frank Dobson (above) which I bought from Jason & Rhodes after I fell in love with his work.

For those who want to learn more about art here are two suggestions:
 ■ Christie's Education runs Modern Art Studies. Courses in History of Art from 1850 to the present at Birkbeck College. A term's lecture course costs £715 (plus VAT), a 1 year course costs £3,650. Tel: 0171-435 3630.
 ■ Exhibition Circle is run by Roger Bevan, who is the senior contemporary art correspondent of The Art Newspaper. The circle meets on Wednesday mornings and Roger Bevan takes the group to exhibitions, museums, galleries and artists' homes to conduct seminars on the works. There are also conducted trips abroad. £267.50 for a year. Tel: 0171-292 5462.

IMPOTENCE
CAN BE TREATED PAINLESSLY
 Recent medical advances now enable our specialist team to offer, in confidence, genuinely painless methods of treating this distressing complaint.
 For details telephone: 0171-637 2018
THE MEDICAL CENTRE, Weymouth St. London W1 3FA

Buy more – but drink it very slowly

At the front Soyer contracted fever that led to his death, aged 48. Had he lived, Soyer would undoubtedly have further transformed the Victorian diet. But one is left wondering just how much Soyer could have achieved today in an age of chef-stars. What would he have achieved or communicated with computers, faxes, television and the panoply of modern-tech along with his

Gerald Cadogan looks at homes near the M40 corridor

Naïve does not afflict Court End in Adderbury, an attractive village with handsome stone houses south of Banbury (and west of the M40). Its price from Savills is £485,000.

And the Cotswolds town of Chipping Norton is also too far for noise to be a worry.

There Regalian, the developer, is converting a Victorian hospital into 87 houses at prices from £98,000 for the first phase. The second phase - the scheme is called Norton Park - will be released soon. High Furze Farm at Tiddington (17 miles to exit 15) near Shipston-on-Stour in Warwickshire is also a peaceful property. The price for seven bedrooms, stabling and 16 acres and a trout stream is £495,000 from Butlers Sherborn and Knight Frank.

Information:

- **Chipping Norton**, Hampton (tel: 01846-605040)
- **Butler Sherborn, Surford** (tel: 01593-322325)
- **Knights Frank, Oxford** (tel: 01865-790077)
- **Lane Fox, Banbury** (tel: 01235-273592)
- **Regalian, Chipping Norton** (tel: 01606-545535)
- **Savills, Banbury** (tel: 01235-263367)

ARTS

We are an inert crowd, wordless, joyless, flattened by boredom. We are as phlegmatic as third world peasants waiting for water or Moscow housewives waiting for bread. We are miserably dependent, junkies waiting for our fix.

I am standing in a queue in a supermarket in Shepherd's Bush waiting for my induction into a national ritual. I take a small piece of paper covered with numbers from the sort of perspex pamphlet-holder that contains tracts from the Society for the Propagation of Christian Knowledge in newly marketed cathedrals. With a stubby biro, I put a line through five sets of six numbers and offer the sacrament to a shop assistant. I part with 25 and I have become a player in the National Lottery.

During the time that I was waiting, my mind remained a void. I didn't think about the destination of my money. I didn't debate with myself, still less with my equally taciturn companions, whether a proportion of my money should go to a hospital, a sports stadium, an opera house, an underground car-

Morte D'Arthur and Mystic Meg

Richard Eyre, director of the National Theatre, looks into his own crystal ball and has grave doubts about the lottery's contribution to British cultural life

park at Stonehenge, any number of immensely deserving charities, or even the Chancellor of the Exchequer.

With time to spare I might have asked myself why the contract to run the National Lottery was not awarded to a non-profit making company, whose aim was to distribute its surplus to charity. I might have speculated on the reasons why no one had foreseen the oceanic floods of revenue, and why the running costs of the successful bidding company were minuscule.

I might have smarted at the debasement of myth, the poetic licence involved in christening a company dedicated to the exploitation of greed with the name Camelot. And at the painful irony, or is it bathos, that the ridiculous machines for agitating the load of bouncing balls bearing the winning lottery numbers are named Lance-

lot and Guinevere. I might have marvelled at the prescience of the BBC in seeing that the remit of Britain's public broadcasting service would be served by presenting the weekly celebration of the only universally accepted national institution.

I might have mused about how you actually get through £30m. You buy one, two, three houses, you staff them, and employ someone to look after the staff. You buy a few cars you gorge yourself with mountains of caviar, you start racing horses, you travel between your houses, you have surgery for your obesity, you have treatment for your alcoholism, you have counselling for your depression - and you have still got money left over for a Matisse.

And I might have asked myself why Anthea Turner? Why she enjoys national celebrity for presenting the lottery programme is as hard to fathom as Fermat's Last Theorem.

But my brain was paralysed by a sudden numbness, and, along with millions of my fellow countrymen, I shuffled forward to the counter. As a loser, of course, I cannot claim to be as accurate in my predictions as Mystic Meg, the astrologer who shares her insights with viewers of the BBC's *National Lottery Live*, but when I look into my crystal ball I see the following:

The public (and some newspapers), unable to distinguish between capital grants and revenue, will become ever more confused and resentful of arts organisations ("toffs in tutus") which continue to demand more money from the government, while receiving

sums from the lottery large enough to buy a newspaper.

Legislation governing the lottery will change. The grant from the department of national heritage to the Arts Council will diminish (it already has this year) when revenue as well as capital grants are made from the lottery.

The Arts Council will, for a short time, find itself rich in cash to distribute to hungry arts organisations but will have been so busy lobbying for change in the lottery legislation that it will not have developed a strategy for distributing the largesse.

The government, remembering its failure to harness North Sea oil revenue entirely to its advantage, will start to siphon off cash from the lottery to help fund education and health. (If this seems far-fetched, a political historian rather than a fortune-teller will reveal

that this is precisely what happened in several Australian states).

The novelty of the lottery will wear off, and the income will diminish. The Treasury will demand a higher percentage of tax, rather than see its portion of the cake shrink.

The arts will receive no further funding, either from the lottery or from the department of national heritage and the true measure of our damnation will be revealed: the failure to convince government of the necessity of maintaining Treasury funding for the arts will have driven us into lobbying for a change in the lottery legislation. Our success will lead to our suicide.

The Sun newspaper will trumpet: "Luvvie Toffs Get Stuffed", and

there will be quiet celebration in the corridors of the Treasury among those who had always regarded giving tax-payers' money to the arts as a soap-run for the self-indulgent.

Arts organisations will turn to business and private sponsorship for revenue support. The patrons will shrug and say "We've given you what you asked for when you wanted matching funds for your grand capital schemes, funded by the lottery in the mid-nineties. We have no more to give."

Glistening new, or handsomely refurbished theatres, will have to raise their box office prices to unacceptable levels or reduce their costs - fewer actors, fewer staff, no new plays (royalties), no Shakespeare (large casts), no sets, no audiences.

And then Mystic Meg will help me to see that there will be a use for at least one empty theatre: once a week on the Olivier stage a lavish set will be unveiled, two machines will be wheeled onstage, pastel-coloured bouncing balls will be reverently handled by men in blue blazers and white gloves, and once again Anthea Turner will unite the nation in its epiphany.

Over the years, Spanish dance companies have sought to show us "ballets" - that is, dramatic narratives in which a tale is told through the language of national dance. Alas, they have all, in my experience, been failures.

Heels have drummed and castanets purred; sinuous bodies and gleaming haughty or minatory have flared at us, while dramas of the sublimest passion have lain obstinately doggo. The dance, so hot-headed and hot-heeled in solo or duo, simply does not admit of narrative coherence: it is an art which, oddly enough, has few gradations of feeling.

The star comes on stage, amid miles of flourences or in trousers that have been poured on, and is whipped into a frenzy by song and hand-clap, exploring a single state, be it lust or outrage or peacock display. But a tale is not told, and I know of only one Spanish ballet - *Le Tricorne* - which has truly and effectively solved the matter of effectively telling through Spanish steps. And that was made by a Russian.

All of which prefaces the news that a new Flamenco show, *Corazon Flamenco*, is at Sadler's Wells for the next month, and the greater part of its programme is yet another muffled dance-drama. It is action is obvious, given the cast list - *The Wife, The Gypsy Man, The Husband* - and it needs but to say that the merry solution to this intrigue is that Husband and Gypsy face each other (the far-from-complaisant hubby having a shotgun, while the gypsy has found a small silver revolver about his person, which is no small feat considering the trousering he sports). Shots. And, with a nice burst of dramatic novelty, the wife drops dead.

It remains for the gypsy to place her corpse in a wicker-work coffin - they order these things differently in Spain - and drag it and the late beloved off to the wings and, we trust, the nearest cemetery.

The sound-track is over-amplified guitars and singers, who sit at the side of the stage, and occasionally appear as choros. The production is by Francisco Sanchez. The most interesting performance is given by Arturo Aguilar as the gypsy. Taut, young, with a passing resemblance to the great Luisillo, he is a vivid presence. I spent much of an interminable hour thinking what a fine Miller he would be in *Tricorne*.

The second part of the show



A vivid presence: Arturo Aguilar (right) as The Gypsy

Carrasco, the gypsy heart

is more enjoyable: a display of flamenco which has not been maddened by delusions of grandeur. It introduces the notable dancers Manuela Carrasco and José Fernandez, and a splendid singer, Susi. Fernandez has all that psychic concentration and passion to drive the rhythms along that we hope for in gypsy dance,

and Susi has the varied timbres and the mastery of vocal arabesques to beguile any audience (and she has a magnificent guitarist in Joaquín Amador).

But it is Carrasco who gives the show its gypsy heart. Her first number, a *Sigüirya*, was dutiful but did not ignite - and unless a flamenco artist feels

the god with them, the dance can have an automatic air. Returned in a carapace of white flourences for a *Solea*, she had the massive and brooding look of one of the Nadelman statues in New York's State Theatre. She is a monumental artist in style as in appearance, and as the dance took hold, we saw those grand intoxications

of foot and torso, the flailing limbs beating the music from the air, which is the real and absolutely irresistible flamenco. Tremendous.

Clement Crisp

Corazon Flamenco is at Sadler's Wells Theatre until February 10.

Feast, famine and matters of interest

Antony Thorncroft on the Arts Council's dilemma

On Monday the Arts Council's lottery account bulged with another £26m, its biggest ever weekly take from the nation's record plunge last Saturday on the national lottery. As one of the five good causes, it receives 5.8 per cent of the total stake.

Also on Monday Lord Gowrie, chairman of the Arts Council of England, had yet another meeting with heritage secretary Virginia Bottomley to see if there was any way that the £26m cut in the council's annual grant, a cut which will spell crisis to dozens of arts companies across the land, could somehow be mitigated.

It is an Alice-in-Wonderland situation, feast and famine in the same organisation, and the prospects for a compromise are not bright. The government cannot change the way the lottery works without new legislation, and the very idea of letting MPs loose on what has become such a contentious matter is a non-starter. It is a case of the lawyers examining the small print, trying to find some possible get outs on the inexorable law that lottery money can only fund capital projects in the arts, not pay artists or the rent.

One get-out, mentioned in this column last week, concerns the extra administrative burden that the staff of the Arts Council and the Regional Arts Boards have to carry administering the arts lottery. If these overheads could be costed to the lottery account, money could be freed to boost the council's reduced 1995-97 grant of £186m.

Another avenue being explored is the matter of interest. In June the Royal Opera House received £25m from the arts lottery for its redevelopment, except that it did not. No money will change hands until Covent Garden can satisfy the council that the project will go ahead as planned, with the ROH raising matching funding. It is the same with Sadler's Wells' grant of £20m in October - the money is still with the council.

In all the council must have earned at least £5m in interest from grants it has agreed but not yet delivered. Could this money go on revenue funding for needy clients this year? Lord Gowrie sincerely hopes

so, but he is not sanguine. It is possible that the council will fail to claw back all, or even most, of the proposed 2.7 per cent reduction in its grant. When the council meets on January 24 it could face some tough decisions.

Rather than spread the misery equally, the council could show leadership, funding certain enterprising clients generously and cutting grants to less impressive performers. On the rare occasions that the council has wielded the discriminatory axe all hell has broken loose. Only Mrs Bottomley, or the lawyers, can staunch another burst of blood letting.

It takes more than the worst snowfall in a generation to put off connoisseurs. They braved the New York weather this week to strongly bid for Renaissance works of art collected by two of the most celebrated insiders of the antiques trade - the late Sir John Pope-Hennessy who presided in turn as director of the V&A and the British Museum - and the late Ruth Blumka, from the famous family of dealers.

The furnishings of the "Pope's" Florentine home came up at Christie's and made his heir, his research assistant Michael Mallon, £1m richer. But while virtually every lot sold well, the most interesting did not. It was a painting by Mola of "The Baptism of Christ", which Pope-Hennessy had bought for £14 in 1948 when the war-ravaged treas-

ures of Bridgewater House were virtually given away. Even with a modest top estimate of \$120,000 there were no takers. The best explanation is that the "Pope" bought a work that we too thinly painted for modern taste.

A first session of the Blumka sale was delayed because of the snow, but Sotheby's had no cause to worry. It was over 80 per cent sold by lot.

Meanwhile in London Sotheby's is about to add another marketing string to its bow. It is converting the ground floor of its Bond Street saleroom into a café. With the capital's main museums actively promoting their catering establishments why should a saleroom not attempt to feed the body as well as the soul?

The Millennium Commission is not afraid of making enemies. The cultural worthies of Wales are not accepting its rejection of their plan for the Cardiff Bay Opera House meekly. They are now deciding whether to put in another bid with a modified plan or demand that the commission makes public the consultants' reports that informed its rejection of the £40m application.

And in London the V&A is reeling from the news that its millennium bid to redevelop space at the rear of the museum has been parried, with the suggestion that it applies elsewhere. The V&A is now pinning its hopes on the Heritage Lottery Board.

Hayward Gallery

ART AND POWER

Europe under the dictators 1930-45
The XXIV Council of Europe Exhibition

28 October 1995 - 21 January 1996
Hayward Gallery, London

Open 10am - 6pm daily.
Tuesday and Wednesday until 8pm
Admission: £5, concessions £3.50
Booking on 0171-960 4242

Supported by the Council of Europe, the Foreign and Commonwealth Office and the Arts Council of England.
The South Bank Centre is a registered charity.

LAST WEEKS

INTERNATIONAL PROPERTY

Detached Homes in the USA Priced from £50,000 to £250,000

Major International Builder (a member of the New York Stock Exchange) is annually building 5,000 homes in the warmer climates of the United States.

Select one of these locations for holiday residence or retirement (Subject to Immigration Regulations)

- Florida - The Land of Disney, Sun, and Beaches
- Georgia - Atlanta - Home of the 1996 Summer Olympics
- South Carolina - Charleston, Columbia, and Myrtle Beach - History, Beaches, & Golf
- North Carolina - Charlotte & Raleigh - Business, Industrial, & Medical Research Center
- Tennessee - Nashville - Country Music Capital of the World
- Texas - Dallas & Houston - "The Lone Star State"
- Arizona - Phoenix - The Valley of the Sun
- Nevada - Las Vegas - The Casino Capital of the World
- California - San Diego to Sacramento - Ideal Climate

USA mortgages are available with only 20-30% deposit. Low interest rates!

Ask about our unique Fly-Drive-Buy programme where we arrange your trip, meet, greet, and accommodate.

For further information, call Ms. Claire Morgan in our UK office at 01249-782051.

Who guards the guardians? Who checks that the champions of integrity in programmes sold with *gratias* are not taken in? The thought is prompted by *In Committee*, a time-honoured Sunday-night treat which often shows politicians sinking party differences to thrust and probe into possible abuses in the cause of the public good.

Last week we were treated to snippets from from a parliamentary committee enquiring into the possible malign influence of freemasonry on the police and judiciary. The suspicion that this might be a waste of time dawned not merely with the faintly paranoid rumblings of an MP once described as "the Jeffrey Archer of the Left" but also by the excitable contribution from an anti-Mason author who offered the long-explored myth that Mozart was buried in a pauper's grave, maintained (wrongly) that the composer was abandoned by fellow-Masons and made a wild surmise that he might have been murdered by a Mason he had cuckolded. If this is typical of his accuracy, historical research and respect for truth, his book can safely be given a miss.

I was left wondering whether more harm is done to the free

Radio/Martin Hoyle Speaking up in public

access of information by producers who foist on us self-important conspiracy theorists and those with an axe to grind than rolled-up trouser-legs and special handshakes.

Factual sloppiness now seems the norm. Nothing too important: just enough to make one look prissily nipping it if one complains. Connoisseurs of Ned Sherrin's tortuous versions of foreign names took several minutes to work out he was interviewing the Cirque du Soleil in last Saturday's *Loose Ends*. This semi-cultured show also distinguished itself by playing the verse of a song from Michael Frayn's *Offenbach re-vamp, La Belle Violette* (née *Helene*), while scrupulously cutting it off before the well-known refrain.

There is more real erudition in *Kit and the Widow's Sound of Music*, though Kit Hesketh-Devereaux mispronounced "Porgy" on Wednesday. As you

can imagine from their polished and allusive stage show, smoothie Kit and his pianistic sidekick can infect a conventional quiz format with wicked glints of quicksilver camp that seem to affect even the squarier guests (Ian McCaskill and Alan Titchmarsh were positively frisky).

How easy it all sounds, getting up in public and entertaining... Thursday's *First Person Plural*, an "audio diary" shared between several participants, dealt heartrendingly with a group staging a show on the Edinburgh Fringe at last summer's festival. One melted at their hopes of rave reviews, discovery, a media slot. Paul and Sarah, co-producers, directors, writers and moving spirits in the venture, blew their mortgage savings on the trip. The company included a more sceptical Scot and a miserable 35-year-old cameraman who lived in a bedsit. First inti-

mations of doom came when their minibus hit nocturnal Newcastle and they realised that the north closes early ("McDonald's shuts, for God's sake!"). In the course of variable audiences - of one 12-strong house "a quarter walked out, the rest were asleep or drunk" - Sarah threw the odd wobbly and came to hate the group's one serious actor (as opposed to performer). Michael was "full of self-doubt and agony", indulged in introspective anguish, treated the others like "piddling amateurs", got involved with another show and, to prove his professionalism, skipped a chunk of script in mid-performance and landed them in another scene. "I'll kill him," soliloquised Sarah breathily into the mike.

No awards, no overnight fame, though they got on to *Edinburgh Nights*. They were cheered by a trip to Loch Ness and a meeting with the monster-hunter who threw up a conventional job for a lakeside caravan and who lives by making little models of Nessie. The moral was plain: he was doing what he wanted. In his old age he would have no regrets at having missed out. The group returned penniless to London, already planning next year's show.

The ArtFair.

The London Contemporary Art Fair
17 - 21 January 1996
The Business Design Centre

Featuring Rising Stars of MA Painting presented by Habitat and The Pale Green Press

Upper Street, Islington Green, London N1 0QH
Telephone: 0171-359 3535 Fax: 0171-288 6445
Web site: <http://www.art-network.co.uk/art6>

ART6

us at ease when he is talking to see the solid, prosperous van Eyck's palace, the scene is visited the city he describes, is resounding.

ARTS

A black mark for the Tate

The paintings speak for themselves without pseudo-social polemics, writes William Packer

Picturing Blackness, the latest thematic display from the collections of the Tate Gallery, fixes upon the pictorial incidence of black figures in the past, and upon the polemical treatment of "the issue" by black artists in recent years. "We urgently need," declares Paul Gilroy in his introductory pamphlet, "a more exhaustive account of how slavery, imperialism and colonialism contributed to the formation of modern British cultural styles and aesthetic tastes."

The objection is that of some 14 works, most are infinitely more rewarding in themselves than the polemic forced upon them. Modern interpretation, it seems, just cannot resist the temptation to visit its prejudiced correctness and anxious partiality upon the past, when values and circumstances were utterly different. A little academic crankiness may do no harm, but here it masquerades as historical fact. The result is not mere fatuity but serious misrepresentation.

The first painting to suffer is Gower Hamilton's small conversation piece (c. 1735), which shows an elegant party at cards, while a black page fetches wine from the rear corner of the room. This "half-hidden servant," says Gilroy, is "something of a cipher for the prestige and fashionability of that household", as though the presence of any servant was anything unusual. Colour does not come into it.

The caption goes rather further, telling us that "in many conversation pieces black servants appear as silent shadowy figures, alienated from the life of the household, often depicted like pets or other possessions." Leaving aside the obvious, that pets by definition are not alienated creatures, a major point of servants is that on occasion, unlike children, they should be neither seen

nor heard. The story comes to mind of the certain lord who required any servant he inadvertently met about the house to face the wall as he went by.

Two fine studies after Reynolds of Dr Johnson's black servant, Frank Barber, make the fair point that Johnson was unusual in educating a black man and a servant and treating him as a friend. But the point has still to be hammered home by reference to the slave trade and class distinction: "Here Reynolds has dignified the sitter, posing him in the manner usually reserved for an aristocratic white man."

Was there ever such a preserve? In Frit's "Derby Day" (1858), there is but one black figure in the crowd, a street musician talking to a gypsy woman half-hidden behind a carriage. On such slim evidence are learned theses built. He, says Gilroy, "provides a more grudging acknowledgement of black participation and belonging... at a time when the significance of the black presence had been changed, not only by the abolition of slavery in the British Empire, but by violent conflicts in India."

Benjamin Haydon's "Punch or May Day" (1829) has two black figures in its picturesque holiday crowd, a liveried footman on a coach behind, and a dancing, costumed youth to the fore. Though one is in fact a white chimney-sweep, traditional harbinger of seasonal good luck, Gilroy takes both as examples of "ordinary black folk... doing the commonplace things appropriate to their highly station in the social hierarchy."

Rossetti's "The Beloved" (1868) is closely surrounded by attendants, of which one, a young black girl, with her dark face and delicate, wistful expression, is the perfect foil to the luminous presence above her. So, what have we here? Why, a "pictorial device (that)



Slavery, imperialism and colonialism? 'The Beloved', 1868, by Dante Gabriel Rossetti

quietly endorses the mid-19th century view that the black would remain child-like when compared with the more highly-evolved European."

The gloss given to the modern works can be no less disquieting. Lubaina Himid's painting (1991), of two black women in an open boat on a green sea, is one of a series, the caption says, in which black women are depicted "as strategists, creators and media-

tors of change." These two are "retracing the miserable and fateful journey of their ancestors on the slave ships... destroying the navigation maps that led Europeans to Africa, and the maps made by the white men to define their ownership of colonised lands." Some strategists, this Owl and this Pussy-Cat. The Tate has lately bought them.

Infinitely more justifiable a recent purchase is the "Crucifixion" (1969) by the Indian painter, F.N. Souza. It shows a black Christ with supporting figures set out in the hieratic Byzantine tradition. It refers openly to tribal African sculpture, and to the knowing primitivism of Picasso. It is what it is, and for once gets no further justification.

The Tate is the great repository of British Art. Its purpose is in part to present that national achievement properly within its true historical context, which of course embraces the circumstantial with the aesthetic. But that is far from telling us what to think. To lend its walls to a fashionable and ignorant exercise in pseudo-social history is to betray that duty.

Picturing Blackness in British Art 1700s-1990s: The Tate Gallery, Millbank SW1, until March 10.

Television/Christopher Dunkley

Post mortem on the Gulf

The excellent four-part BBC1 series *The Gulf War* confirms that television has now perfected a system for recounting and analysing the more apocalyptic events of recent history in a way that gives the general public a vivid overview which was not only unavailable to ordinary people previously, but unavailable even to privileged insiders.

We saw the beginnings of the technique 23 years ago in *The World At War*, made by ITV. This was made 28 years after the end of the second world war, just in time to catch many of the surviving key participants for interviews. More recently the same approach has been used to explain the cold war from the Russian side, the fall of the communist regimes in eastern Europe, and the imbroglio in the Balkans.

In *The Gulf War*, produced by Eamonn Matthews, the ingredients are the same: news pictures from many sources and, this time, military footage shot by bomber pilots, tank crews and so on, not seen by the public at the time; and new interviews with key personnel. The line-up is impressive, from politicians (Thatcher, Gorbachev, Shamir) to the military (Schwarzkopf, Powell, de la Bilière). They have even tracked down and interviewed the little English boy (Stuart Lockwood) whose head was patted in such a sinister way by Saddam Hussein. The two leaders, Saddam and George Bush, are the only people one would wish to hear who have not recorded interviews for this series, but in each case close aides fill in the gaps: national security adviser Brent Scowcroft for Bush, and Wafiq Al Samarra, former head of Iraqi military intelligence, for Saddam.

The results show that it is impossible to over estimate the importance of the American defeat in Vietnam in explaining events in the Gulf. Saddam, it seems, was convinced that, with Vietnam in mind, the Americans would be so anxious at the thought of casualties that they would not oppose him in Kuwait. There are moments in this series when it looks as though he was very nearly right. Colin Powell in particular appears to have

been almost obsessed with attitudes on the home front, to the fury of Schwarzkopf out in the desert. Moreover it could be argued that it was fear of the effects of the television pictures from "the highway of death" which stopped the Americans pressing home the advantage, destroying the Republican Guard, and bringing down Saddam. At the end of the final episode (Part 3 tomorrow, Part 4 on Tuesday) Lady Thatcher points out that whereas the political leaders of both the US and the UK subsequently fell from power, Saddam survived. So who won?

Of course many of the events in the series seem very familiar: the astoundingly successful technical blitzkrieg at the start, the Scud attacks on Israel, the firing of the oil wells, and that pathetic picture of the oil covered cormorant - which one Canadian newscaster in 1992 swore to me was library footage from an entirely different part of the world. But much of it is not so familiar. It now seems that the mighty successful Patriot anti-missile system far from knocking all the Scuds out of the sky probably never downed a single one. We were always told that the relatively high casualty rate among Tornado aircraft resulted from the RAF flying so many dangerous low-level sorties, but now we learn that RAF commanders on the spot doubted the need for the low level techniques but were forced by the ministry of defence to stick to them.

The amount of attention given to the British contribution may be questionable. You wonder if the material about the SAS, the experiences of British prisoners of war and so on, will be kept in for American audiences. Probably not. But while Britain's military contribution may be overstated (and we hear nothing about the French) perhaps the significance of Margaret Thatcher's presence is understated. The series acknowledges her part in the war, but it does not say that without her to put a little steel into his soul and stop him "going wobbly" the Gulf War might never have been fought at all.

Never be deterred by the imposing portals and liveried doormen. The major London auction-houses consistently offer some of the best free shows in town. As if to hammer home the point while the gavel is silent in London, Sotheby's and Christie's are presenting an impressive group of loan exhibitions.

The S.F. Cody Archive, to be sold on January 24, is the first of Sotheby's loan exhibitions. Samuel Franklin Cody is the

Open house at the salerooms

When the gavels are silent, the show goes on. Our critics report

most unlikely father of British aviation. The 8ft 3in Texan was, in turn, cowboy, gold prospector, bronco-buster, circus sharp-shooter, British Army kite instructor and, in 1908, the first man to make a heavier-than-air flight in the British Empire.

Sporting a goatee and waxed moustache, stetson and cowboy boots, he caused a stir striding across the fields of Aldershot and Farnborough. His inventions were funded not so much by the War Office but by the proceeds of the family's touring wild west show, The Klondyke Nugget. Breaking scores of international flying records for speed, altitude and endurance, he died a national hero in 1913 when his sea-plane crashed during a competition.

His heirs lovingly preserved every document, all the flying and stage paraphernalia. Sotheby's gallery is a colourful motley of stage sets, guns and saddles, engines and propellers, the folding boat in which he was towed across the Channel by kite, and the terrifyingly fragile box kites themselves. A treat for boys of all ages.

It is the English man's peculiar love of his house - and to a lesser extent, his horse, his dogs, his heir and family, probably in that order - that inspired the exhibits in the magnificent "The Artist in the Country House" (until January 27, reviewed below by Colin Amery). This is, in effect, the show of the book - John Harris's opus of the same title,

first published in 1979 and a long overdue subject for an exhibition. These paintings are, of course, vital documents of houses, palaces, parks and pleasure gardens long since demolished and of the hum of life of an English country house. The Prince of Wales's Institute of Architecture has a display of work alongside.

Christie's focuses on an individual house for its loan show of "Harewood Masterpieces" (until January 26). Edward Lascelles, son of the 1st Earl of Harewood was one of the most important patrons of the young Turner, Girtin and John Varley. This selection of watercolours and drawings ought to tempt any viewer to visit one of the great Yorkshire houses.

The temperature rises in Christie's Great Rooms, the stage for an exuberant look at "Brazil through European Eyes". The show, organised by the Brazilian Embassy, presents us with all the categorically non-p.c. ignorance, prejudices, curiosity and delight felt by our forebears in relation to the fabulous New World country colonised by the Portuguese and Dutch.

Francis Post, one of the most beguiling of all 17th-century landscape painters, was the official government painter for the Dutch West India Company and proved himself master of idealised topographies inhabited by brilliantly hued flora and fauna.

In counterbalance is the strictly scientific observation

of Sydney Parkinson's botanical drawings made during Cook's circumnavigation. But the glories of the show are the four Gobelin tapestries from the *Novvelles Indes* series. Here bejewelled black African appear just as at home in Brazil as tapers and toucans.

Turkish carpets also promise to be another Sotheby's loan extravaganza. The Hungarian Museum of Applied Arts in Budapest is presenting some 22 rare examples, legacy of Hungary's Ottoman rule, from February 10-26.

Susan Moore

At Sotheby's this month there is a chance to glory in the beauties of the art and architecture of Britain.

The idea of painting our great country houses grew out of French, Dutch and Italian sources in the 16th and early 17th century. By the 1730s it had become a specifically English genre - a symbol of the quiet pride which the English felt for their houses, their parks, their landscapes.

All the 140 pictures hanging in "The Artist and the Country House" from the 16th century to the present day are from private collections, many from the darker corners of great houses and some of them now revealed as major works of art. There are fine examples of the work of John Constable, J.M.W. Turner, Richard Wilson and Paul Sandby and two fasci-

nating rooms of the work of 20th-century and living artists.

In terms of artistic quality the show is very mixed. There are some gems. The Turner from Lowther of the castle seen in misty Westmorland daylight and his painting of the same date of Brighton Park in Sussex are full of romance. John Constable's view of Englefield House has all the heavy cloud of his later landscapes. Constable had difficulty getting this into the Royal Academy because some members thought "it was only a picture of a house". Constable replied that it was "a picture of a summer morning, including a house."

Two of the most atmospheric pictures are by Richard Wilson. His mid-18th century view of Croome Court, the work of Capability Brown, looks like a Claudian landscape. And his view of Moor Park shows England as a kind of Arcadia where even the stags are always standing in their rightful places.

The earlier pictures are of more topographical than artistic interest. Jan Sibrechts, Leonard Knyff and Hendrick Danckerts are well represented with views of English estates that are both accurate and evocative. You can wander into the walled gardens, explore the mazes and ponder what Suzanne Hitchmough's sextop Jo sees in him: questions like that are not going to receive any answers.

The piece ends nowhere in particular; one has the impression that Bent may have started with the notion that a plot would emerge spontaneously from all that ripe material, but then decided that it would be a needless luxury. You may or may not agree.



'A View of a Secondary Front of Lord Berkeley's New House, The Durdans, Surrey' by Jacob Smits at Sotheby's

glimpse of how our forebears actually saw their landscapes. The views of Claremont showing the landscape works William Kent have been used to help the National Trust restore the gardens.

When it comes to the 20th century artists such as Rex Whistler, Algernon Newton and Felix Kelly continue the romantic tradition. William Nicholson's view of Mells Manor House in Somerset sums up the timeless peace of Edwardian summer afternoons. Rex Whistler is probably the last painter of English scenes who understood both

the private world of the country house and its magic.

There are dramatic bird's-eye views by contemporary artists Marcus May and John Warrander which have a real presence. The youngest painters in the show, James Hart Dyke

and Jonathan Myles-Lee, both show great promise.

Colin Amery
Sponsored by Winkley and Johnson; Gauntlett Insurance Services; Hisco and J.O. Hambro Morgan.

Superb Strauss



Anyone with a passion for music and hi-fi will find instantly at home with ATC. In the true tradition of many small British companies, we have a single-minded passion for quality.

Flat out, we hand-produce hardly more than 100 pairs of loudspeakers a week.

The result? Nothing short of perfection. But don't take our word for it.

Listen to Strauss.

Prices from £1,000 to £20,000. (Call 01285 760561 for more.)

ATC
ATC Loudspeaker Technology Ltd.
Grove Lane, Aston Down, Stroud,
Gloucestershire GL6 8HF.

Theatre/David Murray

Life in Goldhawk Road

stoutly denies. Being motherless, they are now in semi-permanent residence, hoping to inherit something - the flat, at least, meanwhile they deliver "consignments" hither and thither for lusty middle-aged Reg, who is so fly as to invite swatting.

Reg is constantly in and out, with a girl-friend Jo whose favours he is curiously eager to share with the lads. One of them soon takes him up on

that. There is also John, another grizzled coach-driver, constantly on the phone to girlfriends scattered around the country he addresses them all as "Sugar"; and weary Mary, whom the council pays to clean the flat; and her half-caste daughter Julia, herself on the run from a cheating husband and their kids.

The fun is all in the dialogue, richly fractured and off-the-wall. Bent has a fine ear

for the louché demotic; conversations veer off at bizarre tangents, usually because nobody is quite listening to anybody else, and the damndest observations keep cropping up. As directed by Paul Miller, the cast make the most of all this with unbridled relish.

Trevor Martin's Paul might be a crumbling cousin of Max Wall, and Danny Webb adds a touch of something demonic to the ghostly Ralph. Reg, none

too bright, is engagingly played by Neil Stuke, and John Simm makes Colin a memorably snotty, crotch-fingered little creep. We do not wonder what Suzanne Hitchmough's sextop Jo sees in him: questions like that are not going to receive any answers.

The piece ends nowhere in particular; one has the impression that Bent may have started with the notion that a plot would emerge spontaneously from all that ripe material, but then decided that it would be a needless luxury. You may or may not agree.

Bush Theatre, London W.12 (081-743 3388)

Royal Festival Hall

10 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	11 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	12 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	13 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00
14 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	15 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	16 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	17 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00
18 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	19 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	20 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	21 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00
22 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	23 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	24 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00	25 Jan 1996 19.30 The Royal Ballet The Nutcracker C. 20.00

BOOKS

The mass slaughter of Rwandans that started on the night of April 6 1994 and produced, within 100 days, between 800,000 and 850,000 corpses (about 11 per cent of the population) was not the result of a psychotic conflagration, even though it seemed to be sparked by the death of the country's president, Juvénal Habyarimana. The genocide had a history, as genocides always do.

In the view of both these authors, Rwanda's grotesque Hutu-Tutsi conflict was not attributable to vague, insatiable bloodlusts or dark, ancestral hatreds. Instead, the genocide was meant to serve specific political and economic aims, and had long been planned.

These are very different books, though both touch on one of the key questions that Africa poses: why should we care about murderous dis-

Home truths about genocide

Murderous disputes in faraway places bring out the honest pessimist in Michael Thompson-Noel

putes in faraway places?

Fergal Keane is a BBC correspondent who has won numerous awards, especially for his reporting from Rwanda. A year before Rwanda's genocide, he was sitting in the BBC's radio studio in Johannesburg when the subject of central Africa came up. A London-based colleague wondered out loud why western news organisations should care about disputes in obscure countries, and Keane was taken aback, believing that the question reflected a narrow view of the world.

He answered by saying that we should care "because we belong to the same brotherhood of man as the citizens of seemingly remote African

countries" - a view, he admits, that some may see as naïve - and because "genocidal killing in Africa diminishes all of us."

That is just about true, I suppose. Yet it is also banal - as banal as Africa's predicament. It is this banality that makes a few honest pessimists wonder whether the time is not close when we turn off the news from Africa altogether, and just let it stew.

One of the problems with Keane's *Season of Blood* is that it reads, at times, a bit like a travelogue. Rivers are brown with silt and thick with elephant grass; among the banana groves, birds sing "bright and curious". Admittedly, this travel-page stuff

SEASON OF BLOOD: A RWANDAN JOURNEY
by Fergal Keane
Viking £13, 198 pages

THE RWANDA CRISIS. 1959-1994. HISTORY OF A GENOCIDE
by Gérard Prunier
Hurst & Co £35 hardback, £12.50 paperback, 389 pages

gives way eventually to unvarnished narrative as Keane and his companions, who have driven into Rwanda to make a BBC report, encounter the killers, the corpses and the orphans. Yet there is nothing, or very little, in *Season of*

Blood that has not already been conveyed to us by images bounced off satellites.

Gérard Prunier's book is far more substantial: the first in any language (Prunier is a French historian, though he wrote this in English) to offer comprehensive analysis of the remote and immediate causes, as well as the outcome, of the Hutu-Tutsi conflict that convulsed Rwanda.

Rwanda's genocide, says Prunier, was the result of processes which can be studied and explained, just as the 19th century genocide of the north American Indians, or of the Jews in the Nazi Holocaust, can be studied and explained.

What he calls the mechanics of Rwanda's genocide were

"unquestioning obedience to authority, fear of the Tutsi devils and the hope of grabbing something for oneself in the general confusion." To which he adds an extra cause, though still a taboo one: overpopulation.

The notion that overpopulation played a role in the slaughter in Rwanda is still taboo, says Prunier, because humans are not supposed to be like rats in a laboratory cage, and because Christians, Marxists, Islamic fundamentalists and World Bank experts still maintain that overpopulation is relative, and that God (or modern technology) will provide.

Prunier's book is harrowing and authoritative. And he does

not for a minute believe that Africa and its tragedies can be ignored by the west, even though "it is perfectly understandable, in a world where the media shout in the same vulgar way about genocides and sexual scandals, to think that silence is the ultimate form of respect for the victims."

What now? As usual, says Prunier, the Europeans have understood nothing. Rwanda's great needs, he believes, are justice and cash, in that order. "To reassure the 'small guys' who used the machete and to assuage the immense pain of their victims' relatives, only the death of the real perpetrators will have sufficient symbolic weight to counterbal-

ance the legacy of suffering and hatred which will lead to further killings if the abscess is not lanced."

After that: money. He says that a modicum of economic prosperity would go a long way towards relieving the pain, especially if the cash was used first and foremost to help diversify an agricultural economy that is choking within its own structural limits.

But Prunier has no serious hope that justice or cash will be available, and believes that "death will return". The reason that neither justice nor cash will materialise, he says, is that Rwanda is a small landlocked African country without strategic or economic interest, populated by black people.

In this curious manner, Prunier, an academic, arrives, after much journeying, at almost exactly the same conclusion that plain-sensory pessimists would have reached at the speed of light.

Well rooted in time and place

Ann Geneva reviews two historical reconstructions of life in 14th and 17th-century France

A new work of history by Natalie Zemon Davis is something of an event. The publisher, understandably, has put "Author of *The Return of Martin Guerre*" on the front of the jacket, linking it to the Depardieu movie of that name, on which Davis served as consultant. But her reputation as an historian of the first rank rests squarely, if unusually, on a single book of eight stunning historical essays published 20 years ago, *Society and Culture in Early Modern France*.

Unlike many North American historians whose works trumpet their innocence of century or country, Davis, a chaired professor at Princeton now in her 80s, rooted herself firmly in time and place. Avoiding the cinematic discursiveness of Brontë or the self-conscious fable-spinning of Lafourcade, however, she was able to merge, seemingly without effort or loss of immediacy, the work of theorists with a broad range of primary sources: theoreticians of recreation, literary historians of festive customs, and anthropologists rubbed shoulders with abbey records, Renaissance theatre documents, and 16th-century printed scenarios. Davis could write history as other historians only dreamed of doing.

Her essays focused attention on early modern France, and particularly urban artisans and peasants. The essay which has remained most firmly lodged in my mind concerns *charivaris* - noisy, masked demonstrations which were used to humiliate some wrongdoer in the community. Under Davis's skillful probing, these emerge not as mere societal safety valves, but as a way to transmute violent and anti-social teen-age impulses into community responsibility. I often think of this essay when reading accounts of teenage joyriding

and the like.

Women On the Margins in some ways continues the essay format, and extends earlier themes as she traces the lives of three 17th-century artisanal urban women, Jewish, Protestant and Catholic, denizens of Europe, North and South America. One of her stated goals is to mitigate the perception that all women of the past resemble one another.

Gilki Bas Judah Leib was a Jewish merchant woman who lived in Hamburg. Left a

WOMEN ON THE MARGINS: THREE 17TH-CENTURY LIVES
by Natalie Zemon Davis
Harvard University Press £15.99, 360 pages

A FOOL AND HIS MONEY: LIFE IN A PARTITIONED MEDIEVAL TOWN
by Ann Wroe
Jonathan Cape £15.99, 243 pages

widow at 43 with eight children still at home, she took over the family business trading in gold, silver, pearls, jewels and money, set up a shop for manufacturing stockings, attended fairs, lent money and honoured bills of exchange across Europe. At the end of the century, Gilki blended memoir and tales in a carefully constructed Yiddish autobiography, which Davis considers "of unusual literary structure and religious resonance".

Her second subject, the widowed Marie Guyart, took the name of Marie de l'Incarnation when she became an Ursuline sister in Tours, although this entailed abandoning her 11-year-old son to relatives. She founded a school in Quebec, composing catechisms, prayers and dictionaries in the Ameri-

dian languages of Huron, Algonquin and Iroquois. At her son's urging, many years after he had himself taken holy orders in Paris, Marie wrote a highly literate account of her life and its dramatic spiritual vicissitudes.

The third of Davis's trinity, Maria Sibylla Merian, abandoned her German husband to join a radical Protestant community in the Dutch province of Friesland. Fame was added to her notoriety, however, when she produced an astonishing illustrated book on the insects of Suriname. Unlike the others, she left behind no autobiographical account.

While these women's lives prove worth salvaging and Davis negotiates her sources impressively, she appears to have lost the thrill of the chase - as if decades of academic immersion has sapped her sense of historical quest and adventure. Where previously they informed one another, here scholarly and popular dimensions form a curious narrative hybrid, lacking the thick description which so vivified previous accounts.

Ann Wroe's historical reconstruction of a curious incident of buried treasure and family greed in 14th-century France follows Davis's method into her former territory, using court records and individual incident to cast light on the societal whole. Wroe, American editor of *The Economist* who holds a doctorate in medieval history from Oxford, begins with the image of a shovel digging a blocked drain to unearth not only a literal pot of gold but also the entire panoply of a partitioned medieval town. While lacking Davis's formidable sophisticated historical skills, Wroe manages to convey life's daily texture with the immediacy and personal involvement that was once Davis's hallmark.

When Queen Victoria let her hair down

The British and the Swiss may neither love nor understand each other, but they have always seen each other's habitat as the antidote to everyday life. Take a Swiss to the Scottish Highlands and he will rapidly unwind. Visit Interlaken, and the sound of the British at play is unavoidable. The same could be said of the Alpine resorts frequented by younger members of the British royal family.

As Peter Arengo-Jones's monograph *Queen Victoria in Switzerland* underlines, royalty's link with "the Garden of England" is long and peculiar. At first sight, Victoria's month-long holiday in Lucerne in 1868 may seem a minor interlude in a 64-year reign bound up with imperial affairs of state. In fact, it was a turning point. After seven years of mourning for her beloved Albert, marked by increasing withdrawal from public life, she emerged ready to face the future.

The footprints of British tourism in Switzerland were well established by the time of Victoria's visit. Previewing the royal trip, *The Times* reported that "Every year hundreds of English people of all ages pass over certain well-known tracks, and delight their eyes with the most glorious forms of mountain, lake or waterfall; for the places are visited and vulgarized in direct proportion to their beauty and fame."

The report added that visiting royalty could no longer "attain perfect privacy and irresponsibility", and warned of the prying eyes of professional royal watchers, especially the "well-dressed English mob". Victoria's visit proved the opposite. She travelled incognito, and barring an impromptu rendition of "God Save the Queen" halfway up the Rigi, her privacy was respected by public and press - a far cry from today's peeping paparazzi. The other big differ-

QUEEN VICTORIA IN SWITZERLAND
by Peter Arengo-Jones
Robert Hale £25, 160 pages

ence in 1868 was the exchange rate - 25 Swiss francs to the pound compared with the current rate of around 1.7.

Drawing extensively on the Queen's journal and his own intimate knowledge of Switzerland, Arengo-Jones offers an intriguing glimpse of 19th-century royalty in an informal setting. Released from court ritual and surrounded only by her close family circle, Victoria could be herself - in a way that not even Balmoral or Osborne House allowed. She comes across as homely, bourgeois and remarkably commonplace, showing little interest in the customs or way of life of her hosts. There is not so much as a personal word about

her guide, Antoine Hofmann, on whom she relied so much.

The holiday settles into a sedate routine of reading, writing and brief excursions, based at a secluded pension overlooking Lake Lucerne. She has her favourite carriage and bed shipped in advance, and Swiss staff are instructed in the art of making cube sandwiches for royal consumption at teatime. Lord Stanley, foreign secretary, is kept at arm's length in a nearby hotel, but tells Disraeli that "the lady was in high spirits and good humour, and talked more freely than I had ever heard her" - as long as no government business was broached.

So the book's limitations are those of the Queen herself. Her admiration for the scenery - "God's most glorious Creation" - is better expressed in her paintings than her mundane prose. Best of all are Prince Louise's watercolours and the contemporary engravings with which the book is lavishly illustrated.

And what remains today of Victoria's secret visit? A commemorative plaque on the Güttsch, a stone inscription at Hertenstein where the Queen walked, a plethora of hotels named after her in central Switzerland, some paintings she commissioned from the Swiss landscape artist J.J. Zeller - and this charming book.

Andrew Clark



There is more than a hint of Fussell's illustration for Dante's *Inferno* in Charlie Adlard's graphic pictures for Lessing's story

A graphic depiction of ghetto-street life

PLAYING THE GAME
by Doris Lessing
HarperCollins £6.99, 64 pages

It has been three years in the making and at last it is finished. Doris Lessing's graphic novel *Playing The Game* is fairly described by its publishers as the first graphic novel to be written by an important contemporary novelist. And what must be said at once is that the wait was worthwhile.

Lessing has been well served by her illustrator, Charlie Adlard, on a project which deserves to make his reputation. From its full-embossed cover to the shattering content of its final panels, *Playing The Game* is a milestone: a significant achievement which deserves to promote wider acceptance of this neglected genre. Lessing has deliberately

embark on an odyssey through Lessing's dangerous vision. Her characters shatter stereotypes: Francesca Bird is an eye-catching mix of black girl with ginger hair and blue eyes. There is in the settings and backgrounds more than a hint of Fussell's illustrations for Dante's *Inferno*.

Doris Lessing has said: "I am haunted by the vision of all those kids out there who are disaffected from the whole of culture, who perceive it as 'not for us'. It troubles me that they are unnecessarily excluded by those who don't even know they are doing it". Her hidden philanthropic agenda in writing *Playing The Game* is to open the kingdom of books to the dispossessed.

The graphic novel, a medium midway between the video and the printed page, with panels which frequently resemble film storyboards, has had a mixed reception in Britain. The UK suffers from a tradition deficit in professional graphics. In France, the US, Japan or South Korea writing for or illustrating graphic novels is a respectable occupation and the medium is recognised as expressive and versatile. But in the home territories of *The Beano* and *Viz*, graphic novels have so far failed to find a large audience. *Playing The Game* is an attempt to make good that deficit.

Martin Mulligan

Frieda's story by Lady C

This fashion for sequels: where will it end? You might think a sequel to *Lady Chatterley's Lover* is going too far, but Elaine Feinstein handles it with dignity and grace, making what happened afterwards a delicately acid love story with political depth. One of her 23 other books is a biography of D.H. Lawrence's relationships with women. Here she uses Lawrence's intimacy with Frieda to carry on the pulse of his most famous novel. This is Frieda's love story, projected on to Lady C.

Lady Chatterley leaves her husband, lives with Mellors. They go to Italy, enter rural life incognito, have money troubles. Things are wonderful for a while; then difficult; then very difficult, and cold. Resentments, cruelties, sexual disappointment, violence and shame creep in. He gets TB, she finds a lover. He dies on the eve of the second world war. All the fallout from the dissolution of a free, fierce relationship - but a relationship which was still, on balance, worth the candle.

One departure from the true-life Lawrence and Frieda story is a daughter - who resents her mother for her father's disappointment in her, yet is reconciled to her at the end. Feinstein creates a human image of

LADY CHATTERLEY'S CONFESSION
by Elaine Feinstein
Macmillan £10.50, 314 pages

the lasting good that came from that love.

Most of Feinstein's novels have 20th-century European Jews at their centre. The Chatterley-Lawrence amalgam gave her a wonderful way of making Jewishness important from the margin, at a time when its weight was changing in British life. She gets this through the political context, the rise of grassroots Italian fascism and Mellors's initial thirstiness to it. He is later disillusioned by the rising political violence, which parallels the rising violence (mainly Connie's) in his own home.

But coming from a northern mining area, he embraces fascism as the solution to injustice, despising Connie's access to Italian aristocracy, and to that snowfall of British expatriates who exist, thin-solled, on the surface of Italian life.

To counterweight Mellors's underprivileged British perspective, Feinstein gives Connie a German Jewish scientist lover. To him, university England spells asylum while Connie's sister's lover is a Mosleyite Squire. You get a multifocal image of England seen from abroad. The most class-ridden place, superficial, unfair, full of justified resentments; and the decent place which, in spite of internecine German Jews who fled the Nazis, becomes the sanest country in a world preparing to go mad.

The novel is gently written in Connie's voice, with spare beautiful descriptions of Tuscan seasons filled with colour and interesting odd smells. Connie's painful generous anatomy of what goes wrong in her relationship mirrors a world going wrong in ways she intuits but does not understand: for she lives entirely through love and sensation.

The message of sexual freedom, for which Lawrence's novel has been a byword since that trial, is transmuted to the sadder, softer message that - at the political and the domestic level both - even sex cannot help different people understand each other's needs.

Ruth Padel

INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT

Concertgebouw Tel: 31-20-5730573
● Koninklijk Concertgebouworkest: with conductor Mstislav Rostropovich and cellist Natalia Gutman perform Shostakovich's "Cello Concerto No.1" and Tchaikovsky's "Symphony No.5"; 2.15pm; Jan 14

EXHIBITION

Stedelijk Museum Tel: 31-20-5732911
● Constant: Schilderijen 1948-1995: retrospective exhibition showing paintings by the Dutch artist from his Cobra-period (1948 - 1951) until the present time; to Jan 21

OPERA & OPERETTA

Het Muziektheater Tel: 31-20-5518117
● Werther: by Massenet. Conducted by Edo de Waart and performed by De Nederlandse Opera and the Radio Filharmonisch Orkest. Soloists include Martin Thompson, Gilles Cachemalle, Susan Graham and Henk Smit; 8pm; Jan 14, 16, 18, 21 (1.30pm); 24, 26

ANTWERP

CONCERT

De Singel Tel: 32-3-2483800
● Symfonisch Orkest van de Vlaamse Opera: with conductor Paolo Olmi and mezzo-soprano Birgit Hennert perform works by Mendelssohn, Mahler and Tchaikovsky; 8pm; Jan 14

BALTIMORE

CONCERT

Joseph Meyerhoff Symphony Hall Tel: 410-938-6310
● Baltimore Symphony Orchestra: with conductor David Zinman and violinist Hilary Hahn in an all-Berstein programme; 8.15pm; Jan 19, 20, 21 (8pm)

EXHIBITION

Baltimore Museum of Art Tel: 410-938-6310
● The Cubist Generation: Prints, Drawings, and Photographs from the Museum Collection: this exhibition of approximately thirty prints, drawings and photographs surveys the beginnings of Cubism with prints by Picasso and Braque, and continues with the generation of European and American artists who used their own distinctive styles. The museum's collection includes drawings by Gleizes, Gris and Marcoussis and works by American artists such as Feininger, Weber and Strand; to Jan 21

BERGEN

CONCERT

Griffhallen Tel: 47-55-216150
● Bergen Filharmoniske Orkester: with conductor Andras Ligeti perform works by Kodaly; 7.30pm; Jan 18

BERLIN

CONCERT

Konzertsaal Tel: 49-30-203082100/01
● Berliner Sinfonie-Orchester: with conductor Michael Schneider and violinist Dmitry Sitkovetsky perform works by Weber, Elgar and Beethoven; 8pm; Jan 18, 19, 20, 22

● Rundfunk-Sinfonieorchester Berlin: with conductor Manfred Honeck and baritone Matthias Göme perform Mahler's "Lieder eines fahrenden Gesellen" and "Symphony No.1"; 8pm; Jan 14
● Philharmonie & Kammermusiksaal Tel: 49-30-254880
● Chamber Orchestra of Europe: with conductor Pierre Boulez and mezzo-soprano Wendy Hoffman perform Mahler's "Kindertotenlieder" and works by Stravinsky, Boulez and Bartok; 8pm; Jan 23, 24

DANCE

Komische Oper Tel: 49-30-202600
● Au-Delà: world premiere of a choreography by François Raffinot to music by Giacinto Scelsi, performed by the Tanztheater der Komischen Oper Berlin. Soloists include Alma Munteanu, Angela Reinhardt, Thomas Volmer and Gregor Seyffert; 7pm; Jan 14, 24 (8pm)

OPERA & OPERETTA

Deutsche Oper Berlin Tel: 49-30-3438401
● Die Meistersinger von Nürnberg: by Wagner. Conducted by Rafael Frühbeck de Burgos and performed by the Deutsche Oper Berlin. Soloists include Wolfgang Brendel, Reinhard Hagen, David Griffith and Barry MacDaniel; 5pm; Jan 14, 21
● Staatsoper Unter den Linden Tel: 49-30-2082861
● Madame Butterfly: by Puccini. Conducted by Simone Young and performed by the Staatsoper Unter den Linden. Soloists include Anna Tomowa-Sintow, Rosemarie Lang, Johanna Botha and Igor Morozov; 7.30pm; Jan 14, 16 (7pm); 21 (4pm)

BILBAO

OPERA & OPERETTA

Teatro Coliseo Albia Antzokia Tel: 34-4-4155490
● Les Pêcheurs de Perles: by Bizet. Conducted by Antonello Allemandi and performed by the Coro de Opera de Bilbao and the Orquesta Sinfonica de Euzkadi. Soloists include soprano Ana Artoia, tenor Ramon Vargas, baritone Yasuo Horuchi and bass Michele Bianchini; 8pm; Jan 19, 22, 25

BOLOGNA

CONCERT



A detail from 'The Kiss', by Rodin (see Musée d'Orsay, Paris)

Teatro Comunale di Bologna Tel: 39-51-529588

● Quartetto Chénubini: with violinist Taber Zimmermann perform string quintets by Mozart and Brahms; 8pm; Jan 15

BONN

CONCERT

Oper der Stadt Bonn Tel: 49-228-7281
● Die Winterreise: by Schubert. Performed by tenor Francisco Araiza, accompanied by pianist Jean Lemaire; 8pm; Jan 15

EXHIBITION

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200
● Marlene Dietrich: exhibits from Dietrich's estate illustrate her glamour, political activity, private encounters and public appearances; to Jan 21

OPERA & OPERETTA

Oper der Stadt Bonn Tel: 49-228-7281
● Fidelio: by Beethoven. Conducted by Shuja Oskatu and performed by the Oper der Stadt Bonn and the Orchester der Beethovenhalle Bonn. Soloists include Carol Jahr, Axel Steblinski, Pavlo Hurka, John-Paul Bogard, Axel Mandrock and Birgit Beer; 8pm; Jan 18

BOSTON

CONCERT

Boston Symphony Hall Tel: 617-266-1492
● Boston Symphony Orchestra: with conductor Simon Rattle and violinist Ida Haendel perform Beethoven's "Violin Concerto" and Mahler's "Symphony No.10" (performing version by Deryck Cooke); 8pm; Jan 18, 19 (1.30pm); 20, 23

CHICAGO

CONCERT

Orchestra Hall Tel: 312-435-6666
● Chicago Symphony Orchestra: with conductor Zubin Mehta perform Schubert's "Rosamunde Overture" and R. Strauss' "Symphonies domestica"; 8pm; Jan 18, 19, 20

OPERA & OPERETTA

Civic Opera House & Civic Theatre Tel: 312-332-2244
● Faust: by Gounod. Conducted by John Nelson and performed by the Lyric Opera of Chicago. Soloists include Richard Leech, Samuel Ramey, Renée Fleming and Dmitri Hvorostovsky; 7.30pm; Jan 20, 24, 27

CLEVELAND

EXHIBITION

Cleveland Museum of Art Tel: 216-421-7340
● Poussin: Drawings from the Collection of Her Majesty Queen Elizabeth II: the Royal Collection at Windsor Castle is lending 65 drawings for this exhibition of works by 17th-century French artist Nicolas Poussin. The show includes preliminary sketches as well as fully finished compositions; to Jan 24

COLOGNE

CONCERT

Kölner Philharmonie Tel: 49-221-2040820
● Kölner Rundfunk-Sinfonie-Orchester: with conductor Hans Vonk and pianist Rudolf Buchbinder perform Mozart's "Piano Concerto No.20" and Bruckner's "Symphony No.9"; 8pm; Jan 20
● Sinfonieorchester Wuppertal: with conductor Peter Gülke and trumpeter Markus Stockhausen perform works by Mozart, Zimmermann and Bruckner; 8pm; Jan 14

EXHIBITION

Wallraf-Richartz-Museum Tel: 49-221-221
● Praxinos und die italienische Druckgraphik des späten 18. und frühen 19. Jahrhunderts: exhibition of prints by Giovanni Battista Piranesi (1720 - 1778) and contemporary artists such as G.B. Tiepolo, D. Tiepolo, Canaletto, Belotto, Pitteri, Vasi and Bartolozzi. Highlights of the exhibition include Piranesi's views of the buildings and ruins of Rome; from Jan 19 to Mar 31

COPENHAGEN

CONCERT

Radio House Concert Hall Tel: 45-35 20 30 40
● Radiosymfoniorkestret: with conductor Herbert Blomstedt and the

Radiokoret perform Berwald's "Symphony No.4" and Bruckner's "Mass No.3". Soloists include Inga Nielsen, Mette Eising, Jorma Silvasti and Christian Christensen; 8pm; Jan 18

DRESDEN

DANCE

Sächsische Staatsoper Dresden Tel: 49-351-48110
● Wege entstehen beim Gehen: the Ballet Dresden perform the choreographies "Gesamtheit" and "Alte Tänze" by Rainer Felski. The choreographer dances "Improvisation" to music by Peter Jarchow and Michael Metzler; 11am; Jan 14

DUBLIN

CONCERT

National Concert Hall - Geórgas Náfakúta Tel: 353-1-6711533
● New Year Opera Gala: with tenors Mario Malagrin and Nicholas Fotwell, and soprano Ande-Louise Bogza. David Cammody conducts The Cameron Singers/Enchiridia Treble Choir; 8pm; Jan 20

DUSSELDORF

CONCERT

Tonhalle Düsseldorf Tel: 49-211-892081
● Academy of St Martin in the Fields: with conductor Sir Neville Marriner, soprano Ruth Ziesak, alto Bernarda Fink, tenor Hans-Peter Blochwitz and bass Thomas Quasthoff perform Mozart's "Symphony No.36" and "Mass in C minor"; 8pm; Jan 15

JAZZ & BLUES

Tonhalle Düsseldorf Tel: 49-211-892081
● Hot Jazz Meeting '96: featuring the Budapest Ragtime Band, the Illinois Jockey Big Band, the Carle Smith Quartet, the Tedeschi Avery Quartet and the Adol Mörsiers Old Merry Tale Jazzband; 8pm; Jan 14

FRANKFURT AM MAIN

CONCERT

Alte Oper Tel: 49-69-1340400
● Chamber Orchestra of Europe: with conductor Pierre Boulez and mezzo-soprano Wendy Hoffman perform works by Stravinsky, Mahler, Boulez and Bartok; 8pm; Jan 22
● SWF-Sinfonieorchester Baden-Baden: with conductor Ingo Metzmacher and pianist Christen Zacharias perform works by Chénubini, Mozart and Stravinsky; 8pm; Jan 14

GENEVA

CONCERT

Victoria Hall Tel: 41-22-3283573
● Bella Davidovich: the pianist performs works by Mendelssohn and R. Schumann; 8pm; Jan 23

HAMBURG

CONCERT

Musikhalle Hamburg Tel: 49-40-346820
● Academy of St Martin in the Fields: with conductor Sir Neville Marriner perform Mozart's "Symphony No.36" and "Mass in C minor"; 7.30pm; Jan 18
● Montserrat Caballé and Montserrat Martí: accompanied by pianist Manuel Burgues, perform songs by Vivaldi, Handel and Rossini; 8pm; Jan 18

OPERA & OPERETTA

Hamburgische Staatsoper Tel: 49-40-351721
● Così fan tutte: by Mozart. Conducted by Bruno Weil and performed by the Hamburgische Staatsoper. Soloists include Soile Isokoski, Ning Liang, Klaus Häger, Rainer Trost, Gabriele Rosenbluth and David Pittman-Jennings; 7pm; Jan 15

HELSINKI

OPERA & OPERETTA

Opera House Tel: 358-0-403021
● Il Barbiere di Siviglia: by Rossini. Conducted by Miguel Gómez-Martínez and performed by the Finnish National Opera. Soloists include Charles Workman, Jukka Rönkä, Marjusa Xyni and Sauli Tilkainen; 7pm; Jan 19, 23

LAUSANNE

CONCERT

Salle du Métropole Tel: 41-21-3122707
● Orchestre de Chambre de Lausanne: with conductor Christian

Benda and viola-player Joseph Suk perform works by Dvorák, Martinu and Jiri Antonin Benda; 8pm; Jan 16

LEIPZIG

CONCERT

Gewandhaus zu Leipzig Tel: 49-341-12700
● Gewandhausorchester: with conductor/pianist Myung-Whun Chung perform Mozart's "Piano Concerto in A major" and Bruckner's "Symphony No.6"; 8pm; Jan 18, 19, 20

LINZ

CONCERT

Brucknerhaus Tel: 43-732-7612
● Wiener Philharmoniker: with conductor Claudio Abbado and pianist Martha Argerich perform works by Bruckner and Beethoven; 7.30pm; Jan 15

LONDON

AUCTION

Christies South Kensington Tel: 44-171-5817811
● Magic Lanterns, Camera and Optical Toys: highlight of the sale is the Leica Magic Lanterns museum collection. The collection of magic lanterns, lantern slides and optical toys belonging to Doug and Anita Lear include the trifold lantern by J.H. Steward. The sale also includes a projecting microscope by Wright and Newton dating from 1892, slides and early lantern handbills; 10.30am; Jan 18

CONCERT

Barbican Hall Tel: 44-171-6388891
● London Symphony Orchestra: with conductor Sir Colin Davis and violinist Midori perform Mozart's "Violin Concerto No.3" and Bruckner's "Symphony No.9"; 7.30pm; Jan 16
● St. John's, Smith Square Tel: 44-171-2221061
● The English Concert: with director/harpichord-player Trevor Pinnock perform works by Handel, Telemann and J.S. Bach; 7.30pm; Jan 17

OPERA & OPERETTA

Royal Opera House - Covent Garden Tel: 44-171-3044000
● The Midsummer Marriage: by Tippett. Conducted by Bernard Haitink (Jan 16, 19) and David Syrus (Jan 27) and performed by The Royal Opera. Soloists include John Tomlinson, Cheryl Barker, Lillian Watson, Eldwyn Harty and Catherine Wyn-Rogers; 7pm; Jan 18, 19, 27

THEATRE

Purcell Room Tel: 44-171-9604242
● Circus Space Cabaret: featuring Jeremy Robbins, Heir of Insanity, Ultravision, Tramp, Peepolykus, Corky and the Juice Pigs, and Tuyo. Part of the London International Mime Festival '96; 8pm; Jan 12, 13, 14, 26, 27, 28

LOS ANGELES

EXHIBITION

Los Angeles County Museum of Art Tel: 213-857-8522
● The American Discovery of Ancient Egypt: this exhibition traces the contributions by American scholars toward the understanding of the cultural record of ancient Egypt. The more than 250 objects in the exhibition span the period of roughly four and a half millennia from the Predynastic period (about 4000 BC) to the end of the Roman occupation of Egypt in AD 395. Highlights include a 12-ton Ptolemaic gateway, images of the pharaoh Akhenaten, jewellery and precious objects from the tomb of Nubian monarchs, and the elaborate coffin lid of a 26th dynasty official; to Jan 21

OPERA & OPERETTA

Deutscher Opernhaus Tel: 213-972-9001
● L'italiana in Algeri: by Rossini. Conducted by Richard Borynne and performed by the Los Angeles Opera. Soloists include Jennifer Lamore, Kurt Strell and Constance Hauman; 7.30pm; Jan 17, 20 (1pm); 24, 27

LYON

OPERA & OPERETTA

Opéra de Lyon Tel: 33-72 00 45 45
● Die Zauberflöte: by Mozart. Conducted by Kent Nagano and performed by the Opéra de Lyon. Soloists include Christiane Oelze and Verónica Cangemi; 8pm; Jan 19, 21 (5pm); 23 (7.30pm); 24, 25, 27, 28 (5pm)

MADRID

OPERA & OPERETTA

Teatro de la Zarzuela Tel: 34-1-514442960
● La Bohème: by Puccini. Conducted by Elena Herrera and performed by the Teatro de la Zarzuela. Soloists include Fiorella Buratto, Eder Lamoris, Fernando de la Mora and Carlos Bergasa; 8pm; Jan 21, 24, 26

MILAN

CONCERT

Teatro alla Scala di Milano Tel: 39-2-72003744
● Mischa Malsky and Daria Hovora: the cellist and pianist perform works by Brahms and R. Schumann; 8pm; Jan 15

OPERA & OPERETTA

Teatro alla Scala di Milano Tel: 39-2-72003744
● The Gambler: by Prokofiev. Conducted by Valery Gergiev and performed by the Opéra Teatro alla Scala. Soloists include Sergei Alexashin, Vladimir Galouzine and Ljuba Kazamovskaja; 8pm; Jan 23, 25, 26

MUNICH

EXHIBITION

Staatgalerie Moderner Kunst Tel:

NEW YORK

CONCERT

Carnegie Hall Tel: 212-247-7800
● Davidello Symphony Orchestra: with conductor Neeme Järvi and pianist Garick Ohlsson perform works by Tormis, Dvorák and R. Strauss; 8pm; Jan 18
● Nationaltheater Tel: 49-89-21851920
● Aida: by Verdi. Conducted by Roberto Abbado and performed by the Bayerische Staatsoper. Soloists include Gerhard Auer, Waltraud Meier, Cheryl Studer, Denis O'Neill and Kurt Rydl; 7pm; Jan 19, 23, 27

NEW YORK

CONCERT

Carnegie Hall Tel: 212-247-7800
● Davidello Symphony Orchestra: with conductor Neeme Järvi and pianist Garick Ohlsson perform works by Tormis, Dvorák and R. Strauss; 8pm; Jan 18

EXHIBITION

The Metropolitan Museum of Art Tel: 212-879-5500
● The Telephos Frieze of the Pergamon Altar: this frieze, previously exhibited in East Berlin and now cleaned and restored, features twelve of the best preserved blocks illustrating the life of Telephos, mythological hero and founder of the Attalid dynasty that ruled Pergamon; from Jan 17 to Apr 14

JAZZ & BLUES

Blue Note Tel: 212-475-8592
● B.B. King performance by the blues singer/guitarist; 8pm; 11.30pm; from Jan 18 to Jan 21

OPERA & OPERETTA

Metropolitan Opera House Tel: 212-262-6000
● The Makropulos Case: by Janáček (in English). Conducted by David Robertson and performed by the Metropolitan Opera. Soloists include Jessye Norman, Håkan Hagegard, Graham Clark and Donald McIntyre; 8pm; Jan 16, 20 (1.30pm); 24

PARIS

CONCERT

Cité de la Musique Tel: 33-1 44 84 45 45
● The Chamber Orchestra of Europe: with conductor Pierre Boulez and mezzo-soprano Wendy Hoffman perform Mahler's "Kindertotenlieder" and works by Stravinsky, Boulez and Bartok; 8pm; Jan 19, 20
● Salle Pleyel Tel: 33-1 45 61 53 00
● Frederica von Stade: accompanied by pianist Martin Katz. The mezzo-soprano performs songs by Mahler, Debussy, Copland, Fauré and Scarlatti; 8pm; Jan 19
● Théâtre des Champs-Élysées Tel: 33-1 49 52 50 50
● Olga Borodina: accompanied by pianist Larissa Gergieva. The mezzo-soprano performs songs and arias from Russian operas; 8.30pm; Jan 15

EXHIBITION

Musée d'Orsay Tel: 33-1 40 49 48 14
● Manet, Gauguin, Rodin... Chefs d'oeuvre de la Ny Carlsberg Glyptotek de Copenhague: exhibition of works from the Ny Carlsberg Glyptotek in Copenhagen, including 20 paintings by Gauguin and Rodin's sculpture "Baiser"; to Jan 28

STOCKHOLM

OPERA & OPERETTA

Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7814300
● Aida: by Verdi. Conducted by Maurizio Barbacini and performed by the Royal Opera Stockholm. Soloists include Anders Lorenzson, Ingrid Tolbasson and Hillevi Martinpelto; 7pm; Jan 16

TOKYO

CONCERT

Tokyo Gaijutsu Gekijo Tel: 81-353-912111
● Symphonieorchester des Bayerischen Rundfunks: with conductor Lorin Maazel in a concert programme including R. Strauss' "Don Quixote"; 7pm; Jan 16

VIENNA

CONCERT

Konzertsaal Tel: 43-1-7121211
● Avant-Ensemble: with conductor Jukka-Pekka Saraste perform works by Searleho, Enescu, Lindberg and Heinen; 7.30pm; Jan 15
● Mikhail Pletnev: the pianist performs works by Scriabin and Chopin; 7.30pm; Jan 14

OPERA & OPERETTA

Wiener Staatsoper Tel: 43-1-514442960
● Manon: by Massenet. Conducted by Jan Latham-König and performed by the Wiener Staatsoper. Soloists include Elisabeth Norberg-Scholz, Simina Ivan, Kurt Rydl and Jean-Luc Chaignaud; 7.30pm; Jan 22, 26

WASHINGTON

CONCERT

Concert Hall Tel: 202-467 4600
● National Symphony Orchestra: with conductor Sian Edwards and pianist Stephen Hough perform works by Beethoven, Liszt, Tchaikovsky and Shostakovich; 8.30pm; Jan 18, 19, 20

ZURICH

OPERA & OPERETTA

Opernhaus Zürich Tel: 41-1-268 6988
● La Fille du Régiment: by Donizetti. Conducted by Marcello Panni and performed by the Opéra Zürich. Soloists include Edita Gruberova, Dean von der Walt and Carlos Chausson; 8pm; Jan 14
● Listing compiled and supplied by ArtsBase The International Arts Database, Amsterdam, The Netherlands. Copyright 1995. All rights reserved. Tel: 31 20 684 6441

CHESS

Hastings, the chess world's longest running congress, celebrated its centenary this week with a home victory. Stuart Conquest, who tied for first prize with Croatia's Lalic and the top-seeded Russian, learnt his skills at the local club and at the annual tournament.

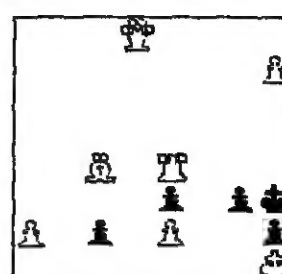
The first Hastings, in 1895, was won by an unknown American ahead of the world's best. This year's event offered a special place to the present US Open champion who, although he could not emulate Pillsbury's historic result, still produced the most entertaining win of the tournament.

(A. Yermolinsky, White: T. Luther, Black: Queen's Gambit).
1 Nf3 d5 2 d4 e6 3 e4 Nd7? A dubious experiment. In many Q-side openings, Black should delay this knight's development until it is clear whether Nd7, Nc6 or even Na6 best fits his array.

4 Nc3 dxc4 5 e4 Nb6 6 Bxc4 Nxc4 7 Qd4+ Bd7 8 Qxc4 Nf8 9 Bg5 h6 10 Bxf6 Interesting strategy. In similar positions, White usually builds up a piece attack behind his strong central pawns, avoiding exchanges. gxf6 11 0-0 e2 Rfd1 Qa5 13 d5 Bb4 14 a3 Bxc3 15 b4! Much better than the routine 15 bxc3.

Qa4 16 Qxc3 0-0-0 If exd5 17 Qxf6 Rg8 18 exd5 with a winning attack down the e file. 17 Qxf6 exd5 18 exd5 Be6 19 d6 Rf8 20 Ne5 Qb3 21 Rd3 Qc2 22 Rd1 Bd5 23 g3 Kb8 24 d7 Ka8 25 b5! h5 26 bxc6 bxc6 27 Rxd8! exd5 28 Qf3 Resigns. A graceful final coup. If Qe4 White can win in the middle game by 29 Qc3 Qxc3 30 Qe6+ or in the endgame by 29 Qxe4 and 30 Nxf7.

No 1,109
White has several mates in one, but that is not the problem. Instead, White has to force Black to give checkmate



In three moves at latest, Black, for his part, delays playing g3-g2 or any other mate as long as possible.



James Morgan

Mitterrand: Bulgaria's national hero

The man that was France poses more questions than answers

It has been an impossible week for those who follow the dictum *de mortuis nil nisi bonum*. One cannot speak of François Mitterrand and not at some time speak ill of the dead.

Among my French acquaintances the most favourable attitude is grudging respect mixed with sympathy. Outright hostility is more common. But, as Alain Peyrefitte, a former Gaullist minister, wrote in *Le Figaro*, this is not the time for polemics since Mitterrand "was France for 14 years".

When a notable national leader dies it is natural that the prism through which his life is viewed is shaped by the viewer. That is especially so when the subject possesses what one might delicately

call a multi-faceted personality.

Frankfurter Allgemeine Zeitung consecrated its main front page leader to the heritage of President Mitterrand and talked only of his role in the evolving relationship between France and Germany. The British were not able to do this because there is no evolving relationship between France and Britain.

One might have thought a similar difficulty would have struck Hungarian editorialists. But no, for by a curious fluke, one of their former leaders died at the same moment as Mitterrand. He was Karolyi György, the last full-blown Communist leader before the winds of 1989 swept all before them. The papers therefore took a historic

opportunity to make those entirely bogus comparisons beloved of journalists. *Magyar Nemzet* could point out that while Mitterrand was a devotee of European union, Grosz supported only cautious reform of socialism.

In Bulgaria, Mitterrand is a national hero. "He was the first to draw attention to our country," said the "eminent poetess", Blaga Dimitrova. The main headline for a set of tributes in *Duma* read: "The Bulgarian Mitterrand: A Frenchman who understood others".

Back in France there was even less clarity. The one point of agreement was that he created "alternance": by his victories and his initiatives in "cohabiting" with his political opponents, he made

France a democracy where one party naturally succeeded another, rather than one constitution naturally succeeding another.

The best summary of the "Mitterrand problem" came in questions posed by *Les Echos*. Was he left or right? *Resistant* or collaborator? Third Worlder or European? Enemy of the far right or friend of René Bousquet, the Nazis' instrument in France?

Mitterrand was a true reflection of France because he incarnated its contradictions. That view was not explicitly stated by his domestic obituaries. He was not described as, for example, "a true son of France", even though that is what he was. He was France, *pace* M. Peyrefitte, for much longer than 14

years, because he was both sides of the question. He worked for Vichy and for the Resistance.

He was no French hero, for to qualify one has to be executed or, at some time, be exiled. Thus Mitterrand does not sit alongside de Gaulle in the French pantheon.

When he visited China in 1983, so the story goes, the name Mitterrand was transcribed into the ideograms *Mi tai ta*. Deng Xiaoping, the Chinese leader, explained what they meant: "Enigma, all is clear."

I must apologise for an oversight last week. I recounted what might be seen as a German riposte to the assertions of British superiority put forward by the commentator, Lord Rees-Mogg, and the novelist, Frederick Forsyth. The German

was one Helmut Alleswesser.

Many people have since told me that they wholly agreed with Alleswesser's views on the inadequacy of British freedoms and democracy. But they believed that no real German columnist could be so hostile towards a friendly country. I should have explained for non-German speakers that Alleswesser translates as Knowall. And his paper, the *Rattenfänger-Tagesanzeiger* of Hameln, is called the *Pied-Piper's Daily Advertiser*. Therefore, I feel, if Herr Alleswesser did not exist he would have to be invented. And so he has been. We shall hear from him again.

James Morgan is economics correspondent of the BBC World Service.

Peter Aspden

How to rule the world



I am cramped in my car in the centre of London: perspiring, cursing, heavy with anxiety and staring sadly at the fleet of immobile vehicles between me and my destination. It is the fault of a clown. I can just see his stupid grinning head towering above crowds of spectators. I couldn't swear to it but I think his name is Ronald and he is something to do with a well-known fast-food chain.

I ask a policeman what is happening and he tells me it is the traditional New Year parade. Traditional? I can just hear a tune which sounds like "Yankee Doodle Dandy" and catch a glimpse of some cheerleaders in mid-twirl. I wonder which city I am in.

The very next day, I am at a football match: the west London derby, QPR versus Chelsea. It means a lot to me, and a few thousand other born-and-bred west Londoners. A foggy announcement tells me that prime minister John Major is about to conduct the pre-match entertainment. It sounds unlikely.

But I have misheard, of course: it is the drum majorettes of some earnest high school band who, the announcer chortles, have arrived fresh from their success in causing traffic chaos in central London on the previous day. They perform with brio, innocent of the subtleties of inner London rivalry but brimming with wholesome expectation. The west London derby has a devious, heart-breaking climax but by then they are doubtlessly tucked up in bed, dreaming of quarterbacks and quarter-pounders.

It is so easy to be anti-American.

It is not the US's fault that its icons mean more to British children than Beatrix Potter

In Europe, it usually takes the form of the viciously sarcastic aside, premised on an apparent cultural superiority which is as tedious as it is tendentious.

Thus the country which has given us Whitman, Fitzgerald, Charles Parker, Tamla Motown, Orson Welles, Woody Allen, not to mention the New York Review of Books, is said to lack culture, or subtlety, or irony or whatever the hell we have so much of that we can afford to uncork our smug, constipated laugh every time someone mentions Jane Austen.

But then you come across Mickey, Donald and his pals somewhere that they do not belong and you forget yourself, and all those great names. All you can see around you is Planet Hollywood baseball caps, and you wonder whether it is a brand name or a prophecy.

In the old days, you might have protested against cultural imperialism, but it is a harder-headed world now: you want your stake in the stakeholder economy, so you accept it.

And, in truth, what should a traditional English New Year parade look like? Which particular exuberant display of indigenous street theatre do we choose? Morris dancers? It is not America's fault that its ubiquitous icons mean more to British children than Beatrix Potter or Enid Blyton.

It will not last long, I hear you say. Each empire has its day, and America cannot surely dominate the next century in the way it has the present one.

But I am not the only one who has his doubts. In his trenchant polemic *The Twenty-First Century Will Be American*, to be published in Britain by Verso in the spring, the Brazilian writer Alfredo Valladao predicts more of the same.

America, he says, will continue to control the world over the next 100 years because it alone possesses the three qualities needed for supreme power: unequalled military force, the most dynamic economy on the planet and, crucially, a culture with universal ambitions.

Thus, all talk of decadence is premature, and comparisons with the latter days of Imperial Rome unfounded: the closest historical analogy is instead with Rome in triumph after its victory over Carthage.

And Mickey Mouse, Coca-Cola, CNN et al will continue to reign victorious because it is what we all want, regardless of race, colour or creed. For in learning how to live with itself as a dizzying mosaic of cultures and peoples, America has cracked the secret of how to rule the world, forever and ever.

It all flashed through my mind as I watched the clown making its stately progress through Piccadilly. I looked desperately for the sad expression behind the smile, but he looked as confident as you like, as if he only needed to wink and we would all get the joke.

Private View / Christian Tyler

A life spent worrying over the world's problems

Like any lottery winner, Joseph Rotblat told himself the Nobel Prize would not change his life. It did. For a start, he took hundreds of phone calls that day in October, talked for 11 hours until he lost his voice and received more than 1,000 letters.

Unlike the world leaders who have won the Nobel Peace Prize in recent years, Professor Rotblat was ill-prepared for his sudden celebrity. His office opposite the British Museum in London is cramped and dimly lit. A fax machine sputtered on a corner of his desk. And when I asked him if he would be taking fancier premises for himself and his assistant, he smiled and said: "We might get a better carpet."

In fact Rotblat will be spending the million-dollar prize on the campaigning body he helped to found and which shared the citation, the informal union of scientists against nuclear weapons known as the Pugwash Conferences on Science and World Affairs.

Rotblat has lived long enough to see the world swing gradually round to his point of view. A pioneer of nuclear radiation from Poland, he was chosen to work on the atom bomb at Los Alamos during the second world war. He resigned in 1944 when he learned from the director that the bomb was being built to threaten the Russians, then allies, not the Germans. He lost his faith in the logic of nuclear deterrence and turned to medical physics.

Today, following his Nobel Prize, the man whom American intelligence once attempted to brand a Communist spy is on the road to secular canonisation.

The professor has made as few concessions to age as he has to principle. He is tall, lively, a rapid and eloquent talker. Only a faint redness round the eyes, a slight glaze on the corner, reminds you he is 87 years old.

He co-founded the Association of Atomic Scientists in 1946. He was a signatory of the famous anti-war manifesto which Bertrand Russell drew up with Albert Einstein's support in 1955, and chaired the press conference at the Caxton Hall, London, at which Russell launched it. He was the driving force behind the Pugwash conferences for 17 years after their foundation in 1957 and was in at the start of CND.

Many scientists, especially those working in controversial disciplines, argue that pure research is neutral, that it is for the public through their legislators to decide what applications should be pursued. Rotblat rejects that view utterly.

"Everyone has a responsibility for what he is doing," he said. "If the work is threatening society in a pro-

found way, how can one say 'that's not my business, I'm just doing my job'?"

"Unfortunately most still take this view - not so much that science is neutral; it's more a question of one's career. Many scientists do battle with themselves. They are worried about the application but finding a job takes precedence. The majority still don't think about it."

A scientist cannot always foresee the consequences of his work, I said.

"But he can see earlier than the public what it might lead to." Rotblat does not like talking about himself, but his view of the world must have been for ever shaped by the hardship he experienced as a child during the first world war.

The Nobel Peace Prize winner believes science is not neutral and that scientists must take responsibility for their work

"It was terrible privation," he recalled. "Hunger, disease, cold, everything you can imagine." His education cut short, at 15 he worked as an electrician. Off his own bat, however, he managed to pass the entrance exams for Warsaw University.

The second world war took his wife. In 1939 he had been given a research fellowship at Liverpool under Sir James Chadwick. Returning to Warsaw that August to fetch his wife, he found her ill with appendicitis and unable to travel. She was to follow later. He boarded the train for England, probably the last to travel through Germany. The next day Hitler invaded Poland and Britain declared war.

That was the last time the couple saw each other. She disappeared into the Holocaust.

Rotblat never married again. "I was never quite sure what happened to my wife, you see," he explained in a whisper, his eyes dimming. "There was nothing definite."

Apart from these griefs, Rotblat cannot say where his own strong sense of morality comes from. Certainly, he read voraciously and developed, he says, a humanitarian outlook. "The main thing is to think," he said. "I was a great admirer of science as a child."

He described himself as "a pacifist, but not an absolute pacifist".

Those who know him often call him a practical idealist.

Are there any technologies today, I asked, with the same potential for good and evil as nuclear fission?

"Almost every scientific discovery has this potential," he replied. He cited the recent announcement by scientists working at CERN, the big particle accelerator in Switzerland, that they had created whole atoms of anti-matter. When matter and anti-matter meet, the particles are annihilated in a vast release of energy. "In principle it could produce a weapon thousands of times more devastating than the fission bomb."

And genetic manipulation? "I don't know enough to speak with authority, but from my reading I am worried by the terrible possibilities of uncontrolled genetic research."

Rotblat made the surprising claim that it was not the so-called military-industrial complex that maintained the peacetime momentum of the nuclear arms race, but the scientists.

"They played a very terrible role in this. They were the reason why arsenals built up to nearly 60,000 warheads. It became almost an addiction with them. They had unlimited resources and could do whatever they liked, without the restrictions usually applied to university researchers. Science went completely wild."

From Hiroshima on, the public image of science went into decline. "I have to confess that public distrust of science is to a large extent justified," Rotblat continued. "In fact many of us who worked on the atom bomb during the war held there was a great need to restore this image, and wanted to develop the peaceful uses."

"Maybe we made the error of going too far in the other direction. We did not really look at the problems that positive uses of nuclear energy may bring, such as dealing with radioactive disposal."

But did not the nuclear umbrella guarantee peace for 40 years?

"People keep saying this. There's no evidence whatever," Rotblat replied. He set out his case that disarmament was always the better path to peace, quoting the Cuban missile crisis and other near-misses.

"This approach of saying we'll have peace by being armed to the teeth brought us several times to the brink of disaster. There was no stability."

If a hardliner had come to power in the Soviet Union he would have tried to solve the problem of economic ruin due to the arms race by reaching for his guns. "Fortunately - and not quite fortuitously - we got Mikhail Gorbachev."

Why is it, I asked, that people like Russell and yourself with appar-



Joseph Rotblat: "Thanks to the progress of science and technology, the whole of our civilisation is threatened"

Tony Andrews

ently clear, simple, consistent views about the future of mankind are ignored completely."

Or treated as if you were...

"Freaks! Idiots!" Rotblat laughed. "Because people are brought up with this idea that if you want peace prepare for war, that our nation is the ultimate loyalty group - my country right or wrong."

"We have to go beyond this idea," the professor continued. "What I say nowadays is that thanks to the progress of science and technology the whole of our civilisation is threatened. War can no longer save one country. We must say now we owe loyalty to all mankind."

Rotblat's answer to the scientists' lack of social responsibility is education. Students should be given lectures on this aspect of their careers, he said, and perhaps a kind

of Hippocratic oath, such as doctors take, could be introduced.

As the threat of a nuclear holocaust recedes - though the danger of proliferation has increased - attitudes were changing. Many scientists were arguing for a Hippocratic oath. Already, as a result of the Nobel Prize, student groups of Pugwash in the US were working to get 1m students to sign a pledge not to work on socially dubious projects.

The Pugwash veteran said he was encouraged by an appeal from Hans Bethe, the German-American physicist, Nobel laureate and senior surviving member of the atom-bomb team, for scientists to give up working on weapons of mass destruction. He was heartened that Robert McNamara, the former US Defence Secretary, now took seriously the possibility of a nuclear-free world.

Joseph Rotblat thinks his sacrifices - his first career, a secure

place in the bosom of the Establishment - have been worth it. Although honoured by many countries, he was not made a fellow of Britain's prestigious Royal Society until last year.

Whatever else it has done to him, the Nobel Peace Prize will not slow the professor up. Next week he flies to Australia to sit on a government commission charged with investigating how nuclear weapons might be eliminated.

His mentor Bertrand Russell lived to be nearly 100, with undimmed. Ten years short of Russell's lifespan, Rotblat looks fit enough to surpass it. "I'm lucky with my genes," he said.

Perhaps worrying about the world's problems is good for the health?

"Oh, it helps. It helps, of course. You have to have an aim in your life to keep you going."

Encounters / Christina Lamb

The proud toy-makers of Europe

versation with some of the women.

How had such an idea started in such a poor, old toy place? It seemed so bizarre, toy-making in a village where they said the local school had closed because there were no more children.

They told us that the project was the brainwave of some nebulous body called "the EU" which they clearly did not understand but described in reverent tones as something between missionaries and social workers.

"They came here one day," said one of the women, "a group of foreign people in suits looking for men to train with useful skills. The men were all in the tasca playing dominoes and drinking beer and the visitors looked so disappointed we said they could train us."

"They came every week and

taught us carpentry and then brought us tools and gave us money to set up this workshop. Then they went away again."

Well I guess Britons would have no problem liking Europe if like Portugal, it received a five-year £150m package - that is the equivalent of handing out almost £1 a day to each of Portugal's 10m citizens.

I have never seen so many of those flags with blue circles and yellow stars as there are dotted over Portugal. Want a road, Portugal? You can have it. Some 1,000 miles over the last five years in fact. Restore an old palace? No problem. A bridge? Come on down (even if it does mean wiping out a wildlife reserve. What's a dead flamenco or two between friends?)

In the village in which I now live, the EU is paying for a road, plant-

ing some trees and renovating a former school for maids.

With all these goodies on offer it is not surprising that Portuguese villages try to outdo each other in sucking up to Brussels. Even the remotest places have signs saying "Welcome to Alte/Gouveia etc. City of Europe" and one of the ubiquitous circles of gold stars on blue which one could be forgiven for thinking had replaced the Portuguese national flag.

Anibal Cavaco Silva, until recently Portugal's prime minister, was awarded a prize last summer from a big German media group for being the European leader who had stuck most rigidly to European monetary policy.

Not only did he seem delighted by the fact but he took pages in the newspapers to tell everyone. Imag-

ine John Major wanting to advertise that he had won a prize for being a good European? But then Portugal is a country which actually wants to win the Eurovision song contest.

So far as the Portuguese are concerned the EU is like Christmas the whole year round. Their healthy attitude is that as long as it exists they might as well get the most out of it rather than arguing. Once there is nothing left, then they will quit.

When Brussels bureaucrats get heavy - they suggested that to conform with EU regulations the traditional black and green cabs which ply the crowded streets of Lisbon should be repainted - the Portuguese just ignore them.

I asked a Lisbon taxi driver about this the other day, in between

scrambling for breath as we hurried up and down the hills of Lisbon. He thought this was so funny that he told the driver of the car next to us in the intermittent traffic what I had said. "They'll be making us try to queue in straight lines next," he said.

A restaurant owner acted similarly when I asked him if he knew that serving wine from terracotta jugs and cooking in terracotta pots were outlawed by the EU.

"Let them try coming in here and saying that," he said, rubbing his hands. "I will introduce them into my little pigsticker stew." (He is a large man.)

Maybe it is something to do with being on the edge of Europe but the Portuguese steadfastly refuse to get agitated by EU directives. I have yet to meet one citizen - in particular butchers, who insist on cutting up animals in a different way to any other country in the universe - who does not treat the latest from Brussels in the manner of Lewis Carroll's White Queen when asked to believe six impossible things before breakfast.

In the Pink

Weekend Investor

Wall Street

Gloom for the gadget and gizmo sellers

Maggie Urry wonders how the technology sector will make its future profits

Wanna buy a pc? How about a mobile phone? Open a copy of the New York Times on a Sunday and a sheaf of leaflets falls out, advertising special deals and low prices on the latest technology from retailers with eccentric names such as Nobody Beats The Wiz.

That may be great news for the consumer. Yet it illustrates the dilemma for the technology companies. Yes, they can sell ever more of their clever gadgets and gizmos. But can they make a profit?

That is the nub of the problem for the technology sector. Revenues are rising fast – even if the great Windows 95 launch last August did not meet the wilder hopes. But earnings growth is slowing.

Take semiconductors. Worldwide sales rose 40 per cent last year and are expected to rise by 25 to 30 per cent this year. However, prices are dropping fast, bringing profit margins under pressure. New chip plants are opening adding supply and creating price competition. At the same time, the cost of building such expensive plant weighs on profits.

Prices of mobile phones are also falling. It sometimes seems that everyone in Manhattan owns one. Service providers are so desperate to sign up new customers that they are "giving away" phones to anyone who will subscribe.

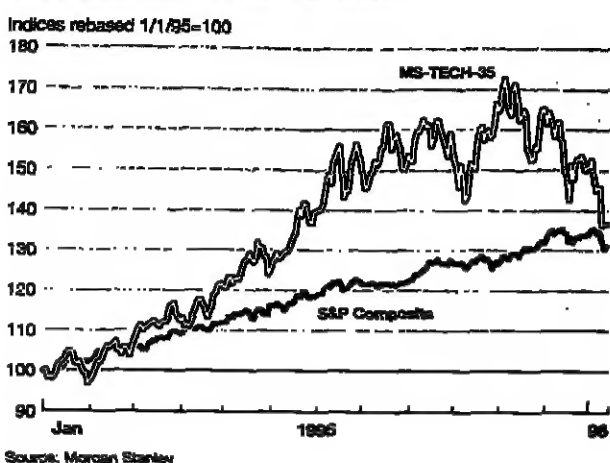
The operators then demand discounts from the manufacturers, such as Motorola of the US and Nokia of Finland.

Last year the stock market was caught up with the idea of the sharply rising revenues. Technology stocks were growth stocks. Fund managers could buy almost anything in the sector and see its share price rise. Many probably had little idea of what the companies were investing in actually made. The technology sector led the market higher.

As so often in sectors which are growing fast, and where the products are difficult for fund managers to understand – such as pharmaceuticals and bio-technology – prices become volatile. Investors' emotions are disproportionately swayed by information which they do not understand sufficiently.

Indiscriminate buying has turned, at times, to indiscriminate selling when the message got through that earnings might not match revenue growth. At first the sector

Rise and fall of tech stocks



Source: Morgan Stanley

recovered from any sharp sell-offs, notably one in October. But for the last couple of months the trend has been firmly downward, and some leading stocks, such as Microsoft, IBM and Intel, are 20 to 30 per cent down from their peaks, although still well ahead on a 12-month view.

Eric Miller, chief investment officer at Donaldson, Lufkin & Jenrette, says that earnings disappointments from the sector have mainly been shortfalls of expected gains and not earnings declines. He says there is increasing apprehension that there has been a loss of earnings momentum. He fears this could spread to other sectors as the year-end reporting season gets under way in the next few weeks.

Even so, he believes it is not too early for long-term investors, if such exist in the technology sector, to start buying so long as they are selective in their choices of stock.

Although there has been some buying this week, the main news has been of selling. Jeffrey Vinik, manager of Fidelity Investment's famous Magellan mutual fund, is truly a bellwether in that he has taken the role of the lead sheep in the flock of technology buyers. Early last year Vinik was buying technology, so everyone else did too.

But on Thursday, rumours that Vinik had been selling were disproven when Fidelity published its end-November fund weightings.

The Magellan fund slashed its technology stocks that month, from a 43.2 per cent weighting to 24.5 per cent. That near 20 percentage point reduction on a fund worth

\$53bn means Vinik must have sold \$10bn worth of technology stocks in the month. The rumour mongers now say he was selling again in December.

The sell-off in technology this week has contributed to the market's fall. Between Tuesday morning and Wednesday evening, the Dow Jones Industrial Average fell nearly 165 points, a decline of 3.3 per cent in two days. That is the sharpest drop the market has suffered in four years.

The main reason for that drop, says Miller, was the breakdown of budget talks between the president and congressional leaders.

One of the bull points for the market since the November 1994 congressional elections swept the Republican party to control of Congress has been the prospect of a balanced budget by the year 2002.

Yet the wrangling over the budget has become increasingly acrimonious. The budget for the current financial year, already more than three months old, has yet to be set, let alone the budgets for the next six years.

This week's collapse of talks became all the more serious when Newt Gingrich, the Republican leader in the House of Representatives, suggested that perhaps no budget agreement will be reached before the presidential election in November.

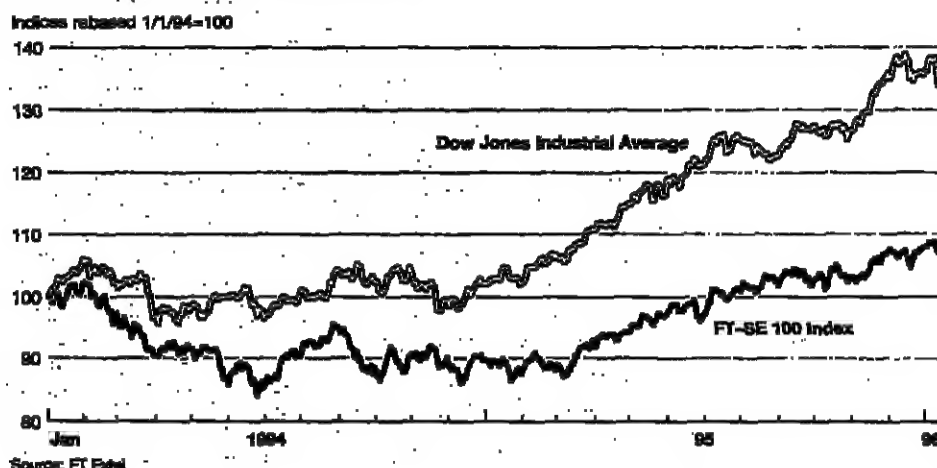
Dow Jones Ind Average	
Monday	5197.55 + 16.25
Tuesday	5130.13 - 67.55
Wednesday	5032.94 - 97.19
Thursday	5085.10 + 52.16
Friday	

The January sales were in full swing this week, but the bad news for investors was that it was share prices that were being slashed to attract buyers. A sudden fall on Wall Street hit stock markets across the world, and London was no exception.

The US stock market decline – which knocked 67 points off the Dow Jones Industrial Average on Tuesday and another 97 points on Wednesday – reflected fears that a budget reduction programme might not be agreed until after the presidential elections, plus concern about the coming results season in the face of poor fourth quarter figures from cellular communications group Motorola.

In the circumstances, the FT-SE 100 index was remarkably steady. Footsie dropped by 20 points on Tuesday, 28 points on Wednesday and another 16 points on Thursday – not a good performance but not a rout, either.

Doing rather better over there



Source: FT Data

Highlights of the week

	Price	Change	52 week	52 week
	YTD	on week	High	Low
FT-SE 100 Index	3857.3	-47.2	5720.8	2854.2
FT-SE Mid 250 Index	4024.8	-48.8	4080.1	3300.9
British Aerospace	835	+30	845	440%
Carlson Comms	1012	-82	1082	851
Forti	389	-24	575	217
Granada	943	+24	709	476
Lorinc	195%	+11%	187	134
MAI	342	+16%	346	220
McEldrie	180	-35	215	144
McDonald Int Sys	80	-9	108	29
More O'Ferrall	488	+25	487%	344
Sainsbury (J)	404	+23	478%	363
Shandwick	41	+1%	42	32
Talp & Lyle	461	-19	482	418
Trealt	318	-29	408	227

London

Footsie rides the storm

Its performance was not good but it was not a rout, says Philip Coggan

Although Granada's increased bid involved a change of strategy – it now wants to sell Forte's Exclusive and Meriden hotels – the indications were that the City had moved in the predator's favour. But Forte has put up a surprisingly strong defence and the outcome is expected to be close.

There were other bid rumours this week – British Aerospace and Airtrics were among the favoured targets – but no new deals.

It is early days in the results season but investors were afforded a few glimpses of the corporate sector's health this week. The news came mainly from the retailing sector, which displayed a distinctly patchy performance.

Sears, for example, said it would be closing or disposing of stores in the Saxon and Currys shoe chains and selling the Millets leisure wear chain; this followed a poor year, in which like-for-like sales fell 1.9 per cent in the second half.



January sales: share prices slashed to attract buyers

Tony Andrews

Storehouse reported that its Mothercare chain had recorded disappointing sales in the six weeks leading up to Christmas.

In contrast, Dixons, the electrical retailer, did pretty well (although not as well as the City had hoped). Interim pre-tax profits were 41 per cent higher and sales in the first eight weeks of the second half were 10 per cent higher on a like-for-like basis.

Fashion retailer Next also had good news: its second half sales rose 13 per cent on the back of selling space which increased by 4.5 per cent. Boots was somewhere in the middle, with strong figures from its chemist side balanced by flat sales at Halfords, the automotive parts retailer.

While individual retailers' reports were mixed, the overall picture painted by the Confederation of British Industry's distributive trades survey was pretty upbeat. Trading conditions in the high street were reported to be the best for two years.

The consumer will probably be needed to keep the economy going this year. The manufacturing sector is slowing – figures published this week show no growth between October and November – and, judging by October's trade deficit, the export boom has run out of steam.

As the results season develops and manufacturing companies start to report, investors will be watching closely to see what impact the slowing economy is having on earnings growth. The market is trading on an historic price-earnings ratio of 16.6 – not a strato-

spheric figure, but a multiple that assumes a decent rate of profits growth.

Goldman Sachs, however, reckons that quoted companies' earnings will grow by only around 5 per cent in 1996. The US securities house also believes that, under a Labour government, the likelihood of higher corporate taxes and a more restrictive environment for the company sector could translate into a 13.18 per cent downside for equities. As a consequence, Goldman is looking for the FT-SE 100 to slip to 3,400 by the end of the year.

Another US house which is negative about the market is Morgan Stanley. It is cutting its UK position in its European portfolio from overweight to underweight.

Like Goldman, Morgan Stanley also has political worries, but it also feels that other European countries have more scope to reduce interest rates and will benefit more from the US dollar rally which it is expecting.

One can hardly blame US analysts for being snitty about the UK market. Many domestic-based commentators are not that optimistic about its prospects in 1996, with most forecasts for Footsie in the 3,700 to 4,000 range.

If early January is any guide, it certainly looks as if it could be a volatile year, with some dramatic shifts in individual stocks likely on the back of earnings downgrades and takeover rumours. When you are out on the high street fuelling the consumer boom, don't forget the aspirin.



Barry Riley

Fat cats and money machines

Is the final salary pensions bonanza coming to an end?

Perpetual motion machines were judged impossible by physicists long ago. But have Britain's final salary-linked pension schemes turned into perpetual money machines? You might think so from the way the actuarial surpluses are again beginning to accumulate.

The key influence here is not so much the healthy 19 per cent investment return achieved by the average fund in 1995, as the year's extraordinary 12 per cent jump in aggregate dividends – or, more precisely, the wide gap between that rate of increase and the mere 3.7 per cent growth of pensionable incomes (for those of us outside boardrooms, anyway).

British actuaries usually value pension schemes on the basis of their present and projected income streams, not the more volatile market values. Last year, when the corporate sector bulged with cash, nervous chairmen decided that paying the most generous dividend increases since 1989 might keep the bidders away. At any rate, the actuarial arm of accountant Binder Hamlyn calculates that its surplus index reached a new peak at the end of December, beating the previous 1991 high.

In between came a minor crunch when the recession reined back dividend growth and Norman Lamont, the then

chancellor, delivered a damaging blow in his spring 1993 Budget by cutting the recoverable tax on dividends (amounting to a 6.7 per cent hit). Now, though, many companies will be able to reward themselves with more contribution holidays.

The continuing pension fund surpluses fundamentally reflect the shift of economic power from labour towards capital. Since 1991, income from employment has fallen from 67 to 62 per cent of national income, while the share of profits has climbed from 12 to 15 per cent.

Back in the 1970s, this shift was moving strongly in the opposite direction, with the result that many pension schemes plunged into deficit. One day, that will happen again – could it be through the influence of Tony Blair and his "stakeholder society" of citizens determined to exercise their rights and privileges but not, perhaps, so enthusiastic about fulfilling their responsibilities?

For the moment, however, final salary schemes look robust against the threats from the Pensions Act, which is imposing a minimum funding requirement and other burdens on companies which persist with the guaranteed final salary link. They are under less pressure to switch (as W.H. Smith has just done) to the softer option of "defined contribution"

schemes. These are less predictable for employees, who bear all the investment risk – but, at the same time, they are fairer because what you get out is linked directly to what you put in, and when.

The bigger threat to final salary schemes could, in fact, come from a quite different direction – the controversial

These schemes have, without effort, shifted wealth from the lower-paid to the rich

recommendation of the Greenbury committee last year that the true pension costs of late-career pay rises for directors should be disclosed. In recent years, bosses' pay has been rising twice as fast as that of the workforce as a whole.

Moreover, in final salary schemes, the benefits bear little direct relationship to contributions made by (or for) individuals. This applies especially to benefits accrued near retirement.

For young scheme members, the contributions have many years to earn investment returns, so the cost is low. For members near retirement, however, there is little time

for investment gains to be made and, thus, the cost of the benefits is much higher, perhaps eventually more than 50 per cent of pay. This is an important – but little understood – reason why so many people over the age of 50 have lost their jobs. But directors are much more likely to survive in employment to a ripe old retirement age – bolstered by their discovery that pension schemes can be pots of gold to be raided without disclosure.

Until now, directors have simply been able to dip unnoticed into the surplus. The true incremental cost to the pension scheme when a 55-year-old is promoted to chief executive, and his salary goes up from £300,000 to £450,000, is several times his pay – say, around £1.5m. In present practice, if the company is enjoying a contributions holiday, the disclosable cost may be nil.

At the most, the employer's "normal" contribution rate – of, typically, 9 per cent of pay, the same as that applying to all members of the scheme – would be disclosed.

This week, a committee of actuaries published a report on precisely how to calculate the costs of directors' pensions. Actuarial truth is an elusive concept, but the committee has plumped for a straightforward formula based on the rise in the transfer value of a director's pension

over a year. But this figure could show huge volatility. Many companies are, naturally, objecting to the inconvenient disclosure of such embarrassing information and would dearly like the costs to be averaged out somehow. But directors also are often anxious to exploit the Inland Revenue benefit limits to the maximum, and smoothing methods, such as linking pension benefits to the average earnings over the final three years of employment, rather than to pay in the very final year, will interfere with this objective.

The arguments continue. But the odds are that, some time soon, shareholders will be able to find out the full cost, including enhanced pension benefits, of the chairman's 10 per cent pay increase in his final year (it could be more like 100 per cent than 10 per cent).

Final salary pension schemes in the UK may indeed have achieved monetary miracles in recent years, paying pensions without apparent immediate cost. Like Robin Hood in reverse, moreover, they have transferred wealth effortlessly from the lower-paid to the rich. At the same time, to be fair, they have paid out good pensions to millions of people. But time may be running out for these perpetual money machines.

Aquascutum
OF LONDON

WINTER
SALE

NOW ON

UP TO 50% OFF
ORIGINAL PRICES

100 Regent Street, London W1A 2AQ. 0171 734 6090.
9-13 Brompton Road, Knightsbridge SW3 1ED. 0171 581 4444.
38 Park Lane, Meadowhall Centre, Sheffield S9 1HL. 0114 256 9454
24 St Ann's Square, Manchester M2 7JB. 0161 834 5617.

Offshore managed funds and UK managed funds are listed in Section One